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Canada Mortgage and Housing Corporation

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JANUARY 2005

Canadian Market Overview

New Home Market

2004 housing starts post 17-year high

The seasonally adjusted annual rate[1] of housing starts was 236,300 in December, down from 244,500 in November.

New construction finished 2004 on a strong note; however, sales of existing homes through MLS® have been trending lower since March 2004. This trend supports our view that the level of activity in the housing market will begin to slow in 2005. Housing starts will decrease in 2005 but will remain above 210,000 units. Sales of existing homes will also fall, but 2005 will be the second most active year on record for MLS® sales.

New home construction posted a 17-year high in 2004 with 233,431 starts representing 6.9 per cent growth over 2003. The home building industry responded to strong demand for housing which resulted from low mortgage rates and tight labour markets.

Urban single detached starts edged higher in December

Urban single detached starts inched higher by 0.9 per cent to 102,200 units in December while urban multiple starts

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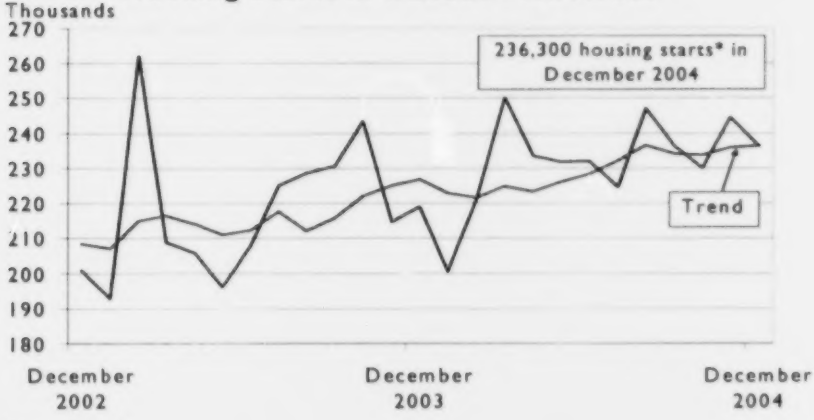
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Final numbers, which may be different from the preliminary numbers in the start press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

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declined 8.1 per cent to 103,700. Residential construction activity ended 2004 with housing starts in Canada's urban centres decreasing to a seasonally adjusted annual rate of 205,900 units, down 3.8 per cent compared to November.

Biggest increase between November and December was in the Atlantic region, while starts eased in Quebec, Ontario and the Prairies

Urban housing starts in December eased in Quebec, Ontario and the Prairies where the seasonally adjusted annual rate of starts fell 5.0, 4.8, and 8.3 per cent, respectively. Urban housing starts in December increased in the Atlantic region by 22.4 per cent mainly due to multiples, while British Columbia recorded no change.

The estimated number of seasonally adjusted annualized starts in Canada's rural areas was 30,400 units in December 2004.

Actual urban starts in 2004 were up over the previous year in seven of the ten provinces

For the year 2004, actual urban starts across Canada increased 6.5 per cent compared to 2003. Urban single starts rose 3.6 per cent and urban multiple starts were up 9.7 per cent. The strongest growth across Canada in 2004 was in British Columbia, Saskatchewan, and Quebec, where starts were up 24.9, 19.4, and 17.2 per cent, respectively.

Resale Market

MLS® sales grew slightly in November

Seasonally adjusted MLS® sales grew slightly to 36,735 units in November 2004 up one per cent from 36,382 units in October 2004.

Average MLS® sales across Canada have been on a steady decline since March of 2004, when they reached 40,827 units. Despite the decline, MLS® actual sales on a year-to-date basis (January 2004 to November 2004) have increased 6.1 per cent compared to the same period in 2003. Sales of existing homes in 2004 are on pace to set a record level thanks to strong demand due to low interest rates and a strong labour market.

New listings cool in November

Seasonally adjusted MLS® new listings in November 2004 fell to 60,071 units, down 1.6 per cent from 61,034 units in October 2004. Despite this month-to-month drop, November 2004 actual listings were 11.6 per cent above November 2003. As well, on a year-to-date basis (January 2004 to November 2004) actual new listings have increased 10.0 per cent compared to the same period in 2003.

Sellers' market across Canada continues to facilitate above inflation growth of average MLS® price

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio, which combines new listings, a gauge of supply in the existing home market and MLS® sales, used as a proxy for demand.

Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally

Sellers' market continues to support rising house prices

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

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106-02264/

rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced* and home prices tend to increase at about the overall rate of inflation.

The sales-to-new-listings ratio for Canada was firmly planted in sellers' market territory in November 2004, at about 61 per cent. As a result, the average MLS® price for existing homes across Canada was 6.8 per cent higher in November 2004 compared to a year earlier.

Economic conditions

In December 2004, 34,000 jobs were created, bringing the total for 2004 to 228,000 net new jobs. The entire employment gain in 2004 resulted from the creation of 258,000 full-time jobs. On the other hand, 30,000 part-time jobs were lost last year.

In December 2004, the seasonally adjusted employment-to-population ratio of 62.7 per cent matched the record level set in December 2003. In other words, a record share of Canadians are employed, thus helping boost consumer confidence and supporting strong demand for housing.

Canada's labour force recorded its slowest growth since 1996, at 1.3 per cent. As a result, the unemployment rate for 2004 fell to a three-year low of 7.2 per cent as employment growth outpaced labour force growth.

The Bank of Canada left its target for the overnight lending rate unchanged at 2.5 per cent on January 25th, following a similar decision on December 7th. The decision to leave the target for the overnight rate unchanged is in part due to weaker than expected economic growth in the fourth quarter of 2004. With core inflation remaining below the two per cent target, the Bank of Canada is focused on the strong Canadian dollar and its dampening effect on the demand for Canadian exports. Mortgage rates have remained low and have helped keep the financing costs of buying a home down.

The price of new homes, measured by the New Housing Price index (NHPI), rose 5.3 per cent in November 2004 compared to November 2003. The strong housing market as well as higher building material and labour costs, contributed to the increase in house prices.

In December 2004, the price of goods and services included in the Consumer Price Index (CPI) basket increased 2.1 per cent compared to December 2003. The increase was mainly due to higher gasoline prices, homeowners' replacement cost, restaurant meal prices, and the purchase and leasing of automotive vehicles. ■

Contributors: Julie Taylor Ali Manouchehri Bob Dugan

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Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

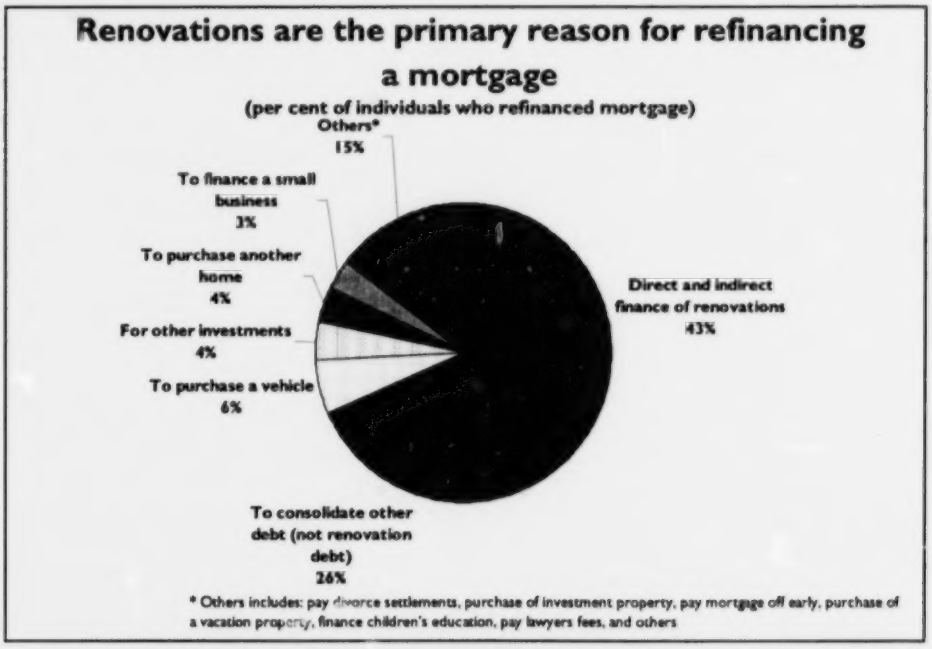
Renovation and mortgage refinancing on the rise

Mortgage refinancing is an important source of renovation financing.

- Past strength in the resale market, robust housing starts and a strong job market are driving high levels of renovation spending. As well, a combination of rising incomes and an ageing housing stock help fuel home renovations and financing.
- Canadians spent over $1,050 per household or $33.2 billion on home renovations in 2003 and it is estimated that they spent $36.3 billion on renovations in 2004. In fact, as reported in the September 2004 FIRM[2] Residential Mortgage Survey, 29 per cent of homeowners are likely to spend at least $5,000 on home renovations in the next twelve months.
- How do Canadians finance these renovations? A major source has been to refinance an existing residential mortgage to obtain a larger loan. In fact, refinancing to increase the mortgage size was the most recent mortgage-related activity[2] undertaken by 16 per cent of residential mortgage holders according to the FIRM Residential Mortgage Survey.
- Among these homeowners who refinanced their mortgages to a larger amount, about 43 per cent did so to pay for renovations directly or consolidated the debt incurred from renovations. Most homeowners who refinanced their mortgage to pay for renovations borrowed $25,000 or more.
- As renovation spending continues to increase, more and more homeowners will require financing for these renovations. Results from the FIRM survey suggest that many individuals plan to use mortgage refinancing as a source of funding to undertake home renovations over the next twelve months. ■

[1] Financial Industry Research Monitor

[2] Other mortgage-related activities consist of: taking out a new mortgage, renewing a mortgage, refinancing a mortgage to increase the amount, and refinancing a mortgage to renew early.


Renovations are the primary reason for refinancing a mortgage
(per cent of individuals who refinanced mortgage)
Others*
15%
To finance a small business
3%
To purchase another home
4%
For other investments
4%
To purchase a vehicle
6%
To consolidate other debt (not renovation debt)
26%
Direct and indirect finance of renovations
43%
* Others includes: pay divorce settlements, purchase of investment property, pay mortgage off early, purchase of a vacation property, finance children's education, pay lawyers fees, and others

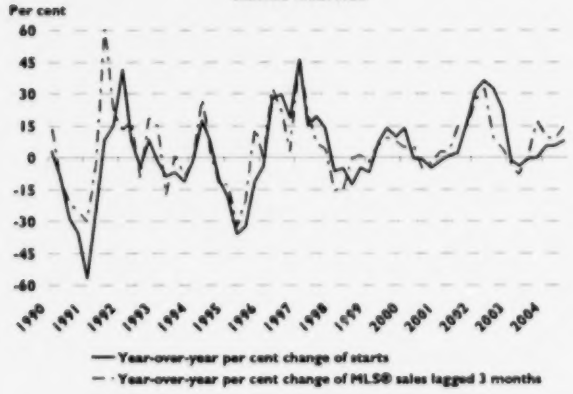
Sources: Clayton Research and Ipsos-Reid, The FIRM Residential Mortgage Survey, September 2004, CMHC

Resale market price appreciation and sales set the tune for home construction in the months ahead

Indicators from the existing home market can be good predictors of future housing starts activity. Indeed, MLS® price changes and sales have typically led housing starts by anywhere from three to six months.

- Price and sale trends in the existing home market have historically been predictors for future trends in housing starts.
- Existing and new homes are substitutes for each other in terms of provision of shelter for homeowners. Thus, rising sales of existing homes suggest that sales of new homes are also rising. In most markets, we do not have information on new home sales. In the new home market we measure housing starts, which usually take place after the sale. Of course, this lag does not occur in the existing home market. As a result, MLS® sales have tended to lead housing starts by anywhere from three to six months (see graph below).

Home construction follows sales in the existing home market



Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

- One way to gauge the intensity of the resale market is by looking at the ratio of sales-to-new-listings (see definition on page 2). The higher the ratio the hotter the resale market in the area, which in turn will lead to increased upward pressure on home prices. In the chart below, we show housing starts plotted alongside the sales-to-new-listings ratio lagged by six months. They have had similar patterns over the past ten years, suggesting the degree of tightness in the resale market can be used to gauge future starts activity.

Sales of existing homes lead housing starts

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

- Rising prices for existing homes usually demonstrates growing demand for homeownership. This growing demand is consistant with rising home sales and starts. Rising prices also help to boost homeowners'

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continued: Resale market price appreciation and sales set the tune for home construction in the months ahead

equity, which in turn can make it possible for them to purchase larger existing homes or new homes whose prices are typically higher. For these reasons, house prices can be a useful predictor for housing starts. Seasonally adjusted housing starts are strongly influenced by the pace of change in the price of existing homes in the previous three to six months (see graph below).

- Recently, Canada has experienced heightened activity in the resale market with total MLS® resales and prices hitting record levels in 2004. However, MLS® sales have trended lower since March 2004. This strong performance was partially reflected in housing starts in 2004 and will continue to support strong, albeit lower levels of home construction in the first half of 2005. ■

Home construction follow price changes in the existing homes market

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

This Month's Housing Data (SAAR)

	2003	Q2:04	Q3:04	Q4:04	M10:04	M11:04	M12:04
Housing starts, units, 000s							
Canada. Total. All areas	**218.4**	**232.4**	**236.3**	**236.9**	**230.0**	**244.5**	**236.3**
Per cent change from previous period	6.5	3.8	1.7	0.3	-2.7	6.3	-3.4
Canada. Total. Rural areas	**26.5**	**23.7**	**32.7**	**30.4**	**30.4**	**30.4**	**30.4**
Per cent change from previous period	2.3	-23.5	38.0	-7.0	-7.0	0.0	0.0
Canada. Total. Urban areas	**191.9**	**208.7**	**203.6**	**206.5**	**199.6**	**214.1**	**205.9**
Per cent change from previous period	7.1	8.1	-2.4	1.4	-2.0	7.3	-3.8
Canada. Single. Urban areas	**100.3**	**104.9**	**105.2**	**102.5**	**104.0**	**101.3**	**102.2**
Per cent change from previous period	-2.7	4.0	0.3	-2.6	-1.8	-2.6	0.9
Canada. Multiple. Urban areas	**91.6**	**103.8**	**98.4**	**104.0**	**95.6**	**112.8**	**103.7**
Per cent change from previous period	20.5	12.7	-5.2	5.7	-2.1	18.0	-8.1
Newfoundland. Total. All areas	**2.7**	**2.8**	**2.9**	**2.9**	**3.2**	**2.9**	**2.8**
Per cent change from previous period	11.3	-17.6	3.6	0.0	10.3	-9.4	-3.4
Prince Edward Island. Total. All areas	**0.8**	**1.1**	**0.8**	**0.7**	**0.8**	**0.9**	**0.7**
Per cent change from previous period	5.0	10.0	-27.3	-12.5	14.3	12.5	-22.2
Nova Scotia. Total. All areas	**5.1**	**4.2**	**4.9**	**4.7**	**4.4**	**4.1**	**5.4**
Per cent change from previous period	2.5	-26.3	16.7	-4.1	-17.0	-6.8	31.7
New Brunswick. Total. All areas	**4.5**	**4.1**	**4.3**	**4.0**	**3.9**	**3.8**	**4.5**
Per cent change from previous period	16.2	70.8	4.9	-7.0	-18.8	-2.6	18.4
Quebec. Total. All areas	**50.3**	**54.8**	**60.5**	**60.6**	**57.7**	**63.3**	**60.7**
Per cent change from previous period	18.5	-5.7	10.4	0.2	-1.5	9.7	-4.1
Ontario. Total. All areas	**85.2**	**87.8**	**85.8**	**84.4**	**86.9**	**85.0**	**81.3**
Per cent change from previous period	1.9	11.0	-2.3	-1.6	2.1	-2.2	-4.4
Manitoba. Total. All areas	**4.2**	**4.2**	**5.7**	**4.0**	**3.9**	**4.3**	**3.8**
Per cent change from previous period	16.3	7.7	35.7	-29.8	-11.4	10.3	-11.6
Saskatchewan. Total. All areas	**3.3**	**4.7**	**3.2**	**4.2**	**4.0**	**4.7**	**3.7**
Per cent change from previous period	11.9	56.7	-31.9	31.3	11.1	17.5	-21.3
Alberta. Total. All areas	**36.2**	**34.3**	**34.7**	**39.6**	**39.1**	**40.9**	**38.8**
Per cent change from previous period	-6.7	-4.7	1.2	14.1	4.8	4.6	-5.1
British Columbia. Total. All areas	**26.2**	**34.4**	**33.5**	**31.8**	**26.1**	**34.6**	**34.6**
Per cent change from previous period	21.0	9.6	-2.6	-5.1	-22.3	32.6	0.0

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2003	Q2:04	Q3:04	Q4:04	M10:04	M11:04	M12:04
Canada	191.9	208.7	203.6	206.5	199.6	214.1	205.9
Newfoundland	1.9	2.1	2.1	2.2	2.5	2.2	2.1
Prince Edward Island	0.6	0.7	0.5	0.4	0.5	0.6	0.4
Nova Scotia	3.6	3.1	3.5	3.1	2.8	2.5	3.8
New Brunswick	3.0	2.8	3.0	2.5	2.4	2.3	3.0
Québec	39.9	46.5	44.1	49.3	46.4	52.0	49.4
Ontario	80.9	83.8	81.4	77.2	79.7	77.8	74.1
Manitoba	2.7	2.6	3.9	2.6	2.5	2.9	2.4
Saskatchewan	2.6	4.0	2.9	3.3	3.1	3.8	2.8
Alberta	32.1	30.6	30.5	35.6	35.1	36.9	34.8
British Columbia	24.7	32.5	31.7	30.3	24.6	33.1	33.1

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2003	Q2:04	Q3:04	Q4:04	M10:04	M11:04	M12:04
New Housing							
New & unoccupied singles & semis, units 000s	4.8	5.3	5.0	5.7	5.4	5.8	5.8
Per cent change from same period previous year	-0.9	8.6	8.3	12.6	10.2	13.8	13.8
New & unoccupied row & apartments, units 000s	5.7	6.0	6.7	8.3	7.9	8.3	8.6
Per cent change from same period previous year	10.9	5.5	18.6	37.1	33.5	41.6	36.4
New House Price Index, 1997=100	116.7	122.6	124.2	n.a.	125.0	125.5	n.a.
Per cent change from same period previous year	4.8	5.8	5.9	n.a.	5.6	5.3	n.a.
Existing Housing							
MLS® resales*, units 000s	435.4	473.4	455.0	446.2	442.4	451.0	445.1
Per cent change from same period previous year	4.1	14.6	-1.9	-0.4	-4.8	2.9	0.8
MLS® average resale price, $C 000s**	207.1	227.3	226.8	234.2	231.6	234.1	236.7
Per cent change from same period previous year	9.6	12.6	8.0	8.5	8.0	7.4	10.1
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.84	4.57	4.60	4.90	4.90	5.00	4.80
5-Year Mortgage Rate, % (period average)	6.39	6.45	6.38	6.25	6.40	6.30	6.05

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.

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FEBRUARY 2005

Canadian Market Overview

New Home Market

New home construction off to a strong start in 2005

The seasonally adjusted annual rate[1] of housing starts was 204,000 in January, down from 236,300 in December.

Despite the decrease in housing starts in January, the level of activity remains strong and the seasonally adjusted annual rate of starts is higher than it was in January 2004. This high level of activity in the housing market is consistent with low mortgage rates and a tight labour market. As 2005 unfolds, we expect these favourable conditions to bring about continued strength in the housing market with starts reaching over 215,000 units, following a 17-year high of 233,431 units last year.

Urban starts fell in January mainly due to multiples

The seasonally adjusted annual rate of urban starts fell 14.7 per cent to 175,600 units, with most of the decline coming from multiples. Multiple starts decreased 21.5 per cent in January to 81,400 while single starts declined 7.8 per cent to 94,200 on a seasonally adjusted annual basis.

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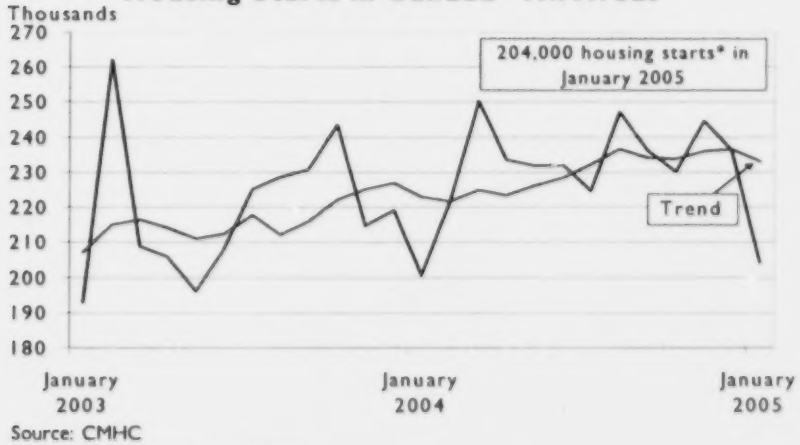
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release.

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

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Starts eased in all regions across Canada in January

The seasonally adjusted annual rate of urban starts declined in all regions across Canada. The largest decreases were in the Prairies and British Columbia, where starts fell by 21.5 and 20.5 per cent, respectively. Starts dropped 11.9 per cent in Ontario, 10.8 per cent in the Atlantic region, and 10.3 per cent in Quebec. In all provinces except Quebec, both single and multiple starts decreased in January. In Quebec, however, a 22.1 per cent decrease in urban multiple starts was partially offset by a 9.9 per cent increase in urban single starts.

Rural starts in January were estimated at a seasonally adjusted annual rate of 28,400 units, a 6.6 per cent decrease from December 2004.

Resale Market

Despite a drop in MLS® sales in December, 2004 sales hit a record level

Seasonally adjusted MLS® (Multiple Listings Service) sales fell slightly to 37,089 units in December 2004 down 1.3 per cent from 37,585 units in November 2004.

Despite the decline, MLS® actual sales for 2004 increased 4.8 per cent (to 456,503 units) compared to 2003 (435,421 units). Sales of existing homes in 2004 reached a record level for a third consecutive year, thanks to strong demand due to low interest rates and a strong labour market.

New listings fell in December, yet finish 2004 on a strong note

Seasonally adjusted MLS® new listings in December 2004 fell to 56,112 units, down 7.2 per cent from 60,481 units in November 2004. Despite this month-to-month drop, actual new listings in 2004 increased 8.2 per cent compared to 2003.

Sellers' market conditions across Canada continue to support above inflation growth of average MLS® prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio, which combines new listings, a gauge of supply in the existing home market and MLS® sales, used as a proxy for demand.

Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced* and home prices tend to increase at about the overall rate of inflation.

The sales-to-new-listings ratio for Canada was firmly planted in sellers' market territory in December 2004, at about 66 per cent. On an annual basis, the sales-to-new-listings ratio for Canada was 64 per cent in 2004. As a result, the average MLS® price for existing homes across

Sellers' market continues to support rising house prices

Sources: CMHC, Canadian Real Estate Board (CREA)

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Canada was 9.7 per cent higher in 2004 compared to the previous year.

Total MLS® dollar volumes reach new record in 2004

In 2004, the value of residential transactions (total MLS® dollar volumes) through MLS® reached a new record, breaking the past record set in 2003. Total MLS® dollar volumes, which are calculated by multiplying total MLS® sales by the inflation adjusted average MLS® price, grew 12.9 per cent compared to 2003. A look at monthly data reveals that dollar volumes reached a new all-time record in April 2004 with over $11.3 billion in sales, exceeding the past record set in March 2004.

Economic conditions

In January, employment remained virtually unchanged from December 2004, and the unemployment rate remained at 7.0 per cent. Despite the lack of month-to-month growth, employment in January was up 1.4 per cent from January 2004.

In January, the seasonally adjusted employment-to-population ratio remained near record levels. In other words, a record share of Canadians are employed, thus helping to boost consumer confidence and support strong demand for housing.

The Bank of Canada left its target for the overnight lending rate unchanged at 2.5 per cent on January 25th, following a similar decision on December 7th. The decision to leave the target for the overnight rate unchanged is in part due to weaker than expected economic growth in the fourth quarter of 2004. With core inflation remaining below the two per cent target, the Bank of Canada is focused on the strong Canadian dollar and its dampening effect on the demand for Canadian exports. Mortgage rates have remained low and have helped keep the financing costs of buying a home down.

The price of new homes, measured by the New Housing Price index (NHPI), rose 5.3 per cent in December 2004 compared to December 2003. The strong housing market and higher building material and labour costs as well as some increase in land value, contributed to the increase in house prices.

In January, the price of goods and services included in the Consumer Price Index (CPI) basket increased 2.0 per cent compared to January 2004, making January's increase the smallest 12-month increase since September 2004. The increase was mainly due to higher gasoline prices, homeowners' replacement cost, property taxes, and prices for restaurant meals. ■

Contributors: Julie Taylor Bob Dugan Bertrand Recher

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Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca

To subscribe: 1-613-748-2006 or

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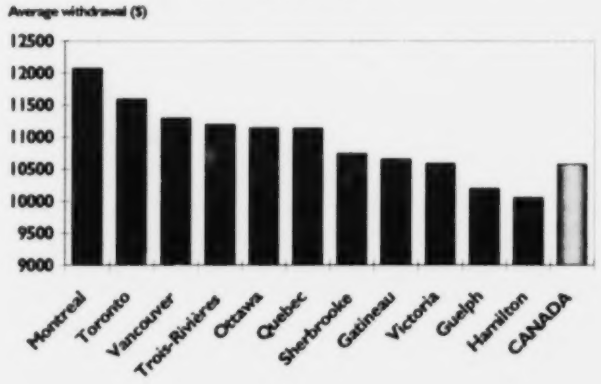
Product # 63830-2005-02

Home Buyers' Plan has helped many home buyers in major urban areas

The Home Buyers' Plan, introduced by the federal government in 1992, has helped individuals across Canada purchase a home. Toronto accounted for the largest proportion of participants, followed by Montreal and Vancouver.

- The Home Buyers' Plan (HBP) was introduced by the federal government in 1992 to help individuals purchase a home. It allows Canadians who meet certain eligibility conditions to withdraw up to $20,000 tax-free from their Registered Retirement Saving Plans (RRSP) to make a down payment on a home. The amounts withdrawn remain tax-exempt if they are repaid within 15 years.
- According to the Canada Revenue Agency, Toronto has accounted for the largest proportion of both participants and RRSP funds withdrawn under HBP among the Canadian urban centres in 2002. Twenty-three per cent of HBP participants in 2002 were from Toronto, where more than $325 million in RRSP funds were withdrawn to purchase homes. This represented 25 per cent of the total funds used under HBP nationally. Montreal placed second with 17 per cent of the HBP participants and 19 per cent of the RRSP withdrawals, followed by Vancouver with 7 per cent and 8 per cent, respectively.
- It is interesting to note that the proportion of participants in the HBP in Toronto, Montreal, Vancouver, Calgary, Ottawa, Gatineau, and Quebec, was higher than the proportion of these cities' population in the Canadian population. In other words, the Home Buyers' Plan take up is more heavily concentrated in Canadian urban centres.
- Also, the results vary significantly when it comes to the average amount withdrawn from RRSPs. Montreal took the lead with an average amount of $12,073 while Toronto and Vancouver posted amounts of $11,590 and $11,292, respectively.
- The graph below shows the average withdrawal in different cities. Of particular note is the fact that for most Census Metropolitan Areas in Quebec, the amount exceeds the national average. ■

Quebecers' withdrawals from the HBP are among the highest



Demographic demand for housing is declining

Demographic trends, such as the ageing of the population, declining fertility rates, and increased levels of immigration are important drivers of long term housing demand.

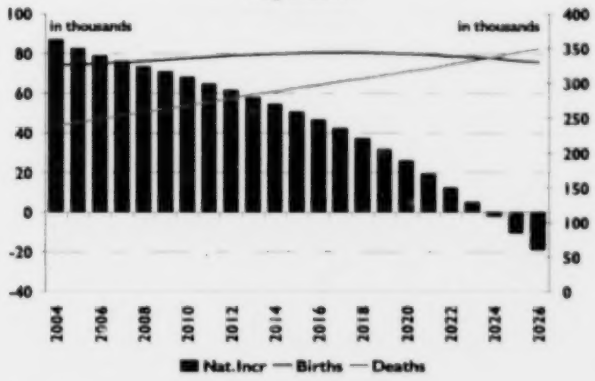
- In the short term, favourable economic conditions, such as low interest rates, can cause significant increases in housing demand. Over the longer term, however, demographic trends that influence the rate of household formation such as changes in the size and age structure of the population are an anchor for housing demand. When demographic trends lead to an increase in the rate of household formation, the demand for housing also rises.

- From the national perspective, there are two sources of population growth. The first is the natural increase in the population, which is the difference between the number of births and the number of deaths. The second source of population growth is net international migration, which is defined as immigration less emigration.

- The natural population growth rate has slowed by more than half between 1990 and 2001. The increase in the natural population accounted for only a third of the population growth in 2001. Looking forward and making reasonable assumptions about fertility rates and deaths, we expect growth in the natural population to continue to slow and eventually turn negative around 2024 (see graph above).

- A key factor contributing to the slower natural population growth is the low fertility rate, which will eventually lead to a decrease in the number of births. The

Births, Deaths, and Natural Increase of Population



Sources: CMHC, Statistics Canada

total fertility rate, which is an estimate of the average number of children women aged 15 to 49 will have in their lifetime, has been declining in Canada. Indeed, over the past 30 years, the fertility rate of all women has declined by nearly 40 per cent. Despite the trend decline, the fertility rate edged higher in 2001 to 1.51 from the record low of 1.49 set in 2000. We assume for the purpose of projecting the level of the natural population that the fertility rate in Canada will remain constant over the next 20 years.

- The other key factor contributing to the slower natural population growth is that the number of deaths is expected to gradually rise, mainly due to an ageing population. Baby boomers, a large generation born in the period following World War II through to the mid-1960s, account for a large proportion of the

continued on page 6....

continued: Demographic demand for housing is declining

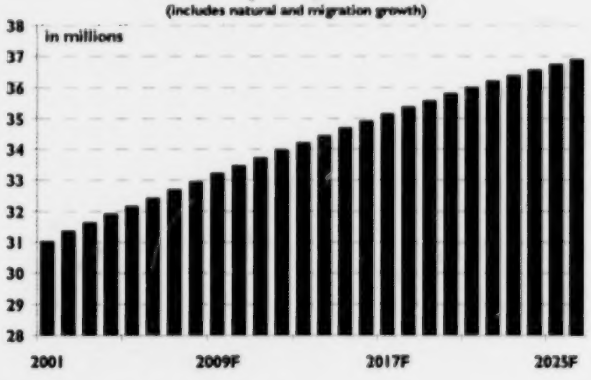
population. As they age, it is expected to result in a rise in the total number of deaths.

- Thus, the combination of rising deaths, and a decrease in the number of births will create a slowdown in growth of the natural population.

- As the natural population growth slows, immigration will become an increasingly important source of population growth. Over half of the population growth in each year from 1997 to the present was due to net international migration. The government's official immigration target is for 220,000-245,000 new arrivals per year. Between 1989 and 2003 the average annual level of immigration (221,600 arrivals) has been around the lower end of this target range. In the latter half of 2003, relaxation of the criteria for admission of immigrants into Canada was implemented, and the number of immigrants entering Canada has started to recover. In fact, international immigration has increased 11.9 per cent over the first three quarters of 2004 compared to the same time frame in 2003. With this in mind, it is reasonable to assume that international immigration will continue to strengthen.

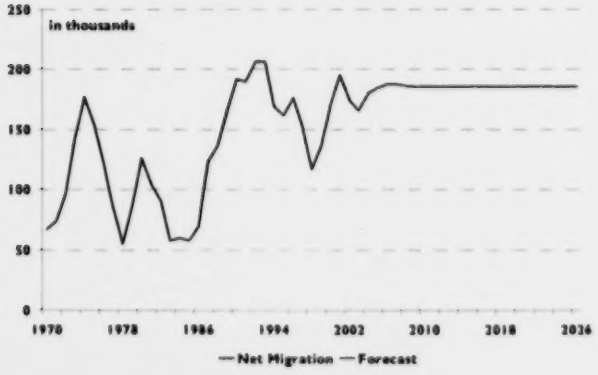
- Combining our natural population projections and our net migration scenario yields a forecast for the total population. According to our forecast, the total population will increase over the entire projection period. However, the rate of growth will steadily slow. As the rate of growth of the natural population slows, growth in the total population will become tied ever more closely to immigration.

Total Population Estimate
(includes natural and migration growth)



Sources: CMHC, Statistics Canada

Net Migration Scenario
(average international immigration around 240,000 annual arrivals)



Sources: CMHC, Statistics Canada

- The demographic composition within the population has a strong influence on the demand for housing. Depending on how population growth changes in the future, its effects on household formation and thus on the demand for housing can be either negative or positive. ■

This Month's Housing Data (SAAR)

	2004	Q2:04	Q3:04	Q4:04	M11:04	M12:04	M01:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**232.4**	**236.3**	**236.9**	**244.5**	**236.3**	**204.0**
Per cent change from previous period	6.9	3.8	1.7	0.3	6.3	-3.4	-13.7
Canada. Total. Rural areas	**29.0**	**23.7**	**32.7**	**30.4**	**30.4**	**30.4**	**28.4**
Per cent change from previous period	9.5	-23.5	38.0	-7.0	0.0	0.0	-6.6
Canada. Total. Urban areas	**204.4**	**208.7**	**203.6**	**206.5**	**214.1**	**205.9**	**175.6**
Per cent change from previous period	6.5	8.1	-2.4	1.4	7.3	-3.8	-14.7
Canada. Single. Urban areas	**103.9**	**104.9**	**105.2**	**102.5**	**101.3**	**102.2**	**94.2**
Per cent change from previous period	3.6	4.0	0.3	-2.6	-2.6	0.9	-7.8
Canada. Multiple. Urban areas	**100.5**	**103.8**	**98.4**	**104.0**	**112.8**	**103.7**	**81.4**
Per cent change from previous period	9.7	12.7	-5.2	5.7	18.0	-8.1	-21.5
Newfoundland. Total. All areas	**2.9**	**2.8**	**2.9**	**2.9**	**2.9**	**2.8**	**2.9**
Per cent change from previous period	6.6	-17.6	3.6	0.0	-9.4	-3.4	3.6
Prince Edward Island. Total. All areas	**0.9**	**1.1**	**0.8**	**0.7**	**0.9**	**0.7**	**1.8**
Per cent change from previous period	12.9	10.0	-27.3	-12.5	12.5	-22.2	157.1
Nova Scotia. Total. All areas	**4.7**	**4.2**	**4.9**	**4.7**	**4.1**	**5.4**	**4.6**
Per cent change from previous period	-7.4	-26.3	16.7	-4.1	-6.8	31.7	-14.8
New Brunswick. Total. All areas	**3.9**	**4.1**	**4.3**	**4.0**	**3.8**	**4.5**	**2.5**
Per cent change from previous period	-12.1	70.8	4.9	-7.0	-2.6	18.4	-44.4
Quebec. Total. All areas	**58.4**	**54.8**	**60.5**	**60.6**	**63.3**	**60.7**	**55.4**
Per cent change from previous period	16.2	-5.7	10.4	0.2	9.7	-4.1	-8.7
Ontario. Total. All areas	**85.1**	**87.8**	**85.8**	**84.4**	**85.0**	**81.3**	**71.7**
Per cent change from previous period	-0.1	11.0	-2.3	-1.6	-2.2	-4.4	-11.8
Manitoba. Total. All areas	**4.4**	**4.2**	**5.7**	**4.0**	**4.3**	**3.8**	**3.8**
Per cent change from previous period	5.6	7.7	35.7	-29.8	10.3	-11.6	0.0
Saskatchewan. Total. All areas	**3.8**	**4.7**	**3.2**	**4.2**	**4.7**	**3.7**	**2.6**
Per cent change from previous period	14.1	56.7	-31.9	31.3	17.5	-21.3	-29.7
Alberta. Total. All areas	**36.3**	**34.3**	**34.7**	**39.6**	**40.9**	**38.8**	**30.8**
Per cent change from previous period	0.3	-4.7	1.2	14.1	4.6	-5.1	-20.6
British Columbia. Total. All areas	**32.9**	**34.4**	**33.5**	**31.8**	**34.6**	**34.6**	**27.9**
Per cent change from previous period	25.8	9.6	-2.6	-5.1	32.6	0.0	-19.4

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q2:04	Q3:04	Q4:04	M11:04	M12:04	M01:05
Canada	204.4	208.7	203.6	206.5	214.1	205.9	175.6
Newfoundland	2.1	2.1	2.1	2.2	2.2	2.1	2.4
Prince Edward Island	0.6	0.7	0.5	0.4	0.6	0.4	1.4
Nova Scotia	3.3	3.1	3.5	3.1	2.5	3.8	2.9
New Brunswick	2.6	2.8	3.0	2.5	2.3	3.0	1.6
Québec	46.7	46.5	44.1	49.3	52.0	49.4	44.3
Ontario	79.9	83.8	81.4	77.2	77.8	74.1	65.3
Manitoba	2.9	2.6	3.9	2.6	2.9	2.4	2.1
Saskatchewan	3.1	4.0	2.9	3.3	3.8	2.8	2.0
Alberta	32.2	30.6	30.5	35.6	36.9	34.8	27.3
British Columbia	30.9	32.5	31.7	30.3	33.1	33.1	26.3

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2004	Q2:04	Q3:04	Q4:04	M11:04	M12:04	M01:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.3	5.0	5.7	5.8	5.8	5.6
Per cent change from same period previous year	9.3	8.6	8.3	12.6	13.8	13.8	13.5
New & unoccupied row & apartments, units 000s	6.7	6.0	6.7	8.3	8.3	8.6	8.5
Per cent change from same period previous year	18.9	5.5	18.6	37.1	41.6	36.4	41.4
New House Price Index, 1997=100	123.2	122.6	124.2	125.4	125.5	125.8	n.a.
Per cent change from same period previous year	5.5	5.8	5.9	5.4	5.3	5.3	n.a.
Existing Housing							
MLS® resales*, units 000s	456.5	473.4	455.0	446.2	451.0	445.1	n.a.
Per cent change from same period previous year	4.8	14.6	-1.9	-0.4	2.9	0.8	n.a.
MLS® average resale price*, $C 000s	227.2	227.3	226.8	234.2	234.1	236.7	n.a.
Per cent change from same period previous year	9.7	12.6	8.0	8.5	7.4	10.1	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.57	4.60	4.90	5.00	4.80	4.80
5-Year Mortgage Rate, % (period average)	6.23	6.45	6.38	6.25	6.30	6.05	6.05

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

HOUSING NOW

Canada

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

www.cmhc.ca

MARCH 2005

Canadian Market Overview

New Home Market

Residential construction rebounds in February

The seasonally adjusted annual rate[1] of housing starts was 214,800 in February, up 5.3 per cent from 204,000 in January.

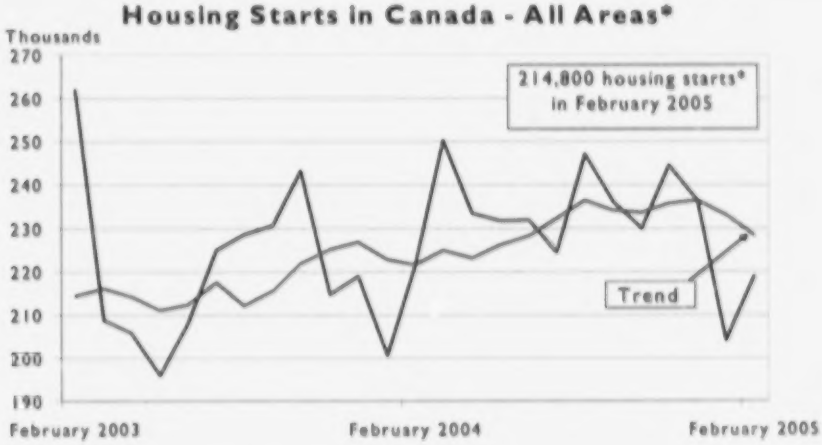
Housing starts rebounded in February back to levels more consistent with our outlook for the year. Strong growth in domestic demand, healthy levels of immigration and low mortgage rates continue to fuel the activity in the new home market.

Multiple construction boosts urban starts in February

The seasonally adjusted annual rate of urban starts rose 6.2 per cent to 186,400 units, with the entire increase coming from multiples. Multiple starts climbed 16.1 per cent in February to 94,500 while single starts declined 2.4 per cent to

continued on page 2...

Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

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Canada

CMHC SCHL

HOME TO CANADIANS

91,900 on a seasonally adjusted annual basis.

Urban starts increased in all regions except Quebec

In February, the seasonally adjusted annual rate of urban starts increased in four of the five regions across Canada compared to the previous month. The largest increases were in the Prairies and British Columbia, where starts in February rose 13.4 per cent and 12.2 per cent, respectively. Starts in February also increased compared to January in the Atlantic region (7.2 per cent) and in Ontario (5.5 per cent), but fell 1.8 per cent in Quebec.

Rural starts in February were estimated at a seasonally adjusted annual rate of 28,400 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first two months of 2005, actual urban starts were 3.4 per cent lower than in the same period of 2004. Year to date single starts fell 7.9 per cent compared to last year, while multiple starts eased by only 0.8 per cent.

Resale Market

MLS® sales slow

MLS® actual sales for the first two months of 2005, at 58,000 units, were down 0.6 per cent from the same period in 2004.

Sales of existing homes in 2004 reached a record level for a fourth consecutive year, thanks to strong demand due to low interest rates and a strong labour market.

MLS® new listings rise

Actual new listings for the first two months of 2005 are up 6.2 per cent over the same period in 2004. This comes on the heals of 2004, a year in which new listings grew 9.8 per cent in 2004 to 727,225 units, a level not seen since 1992.

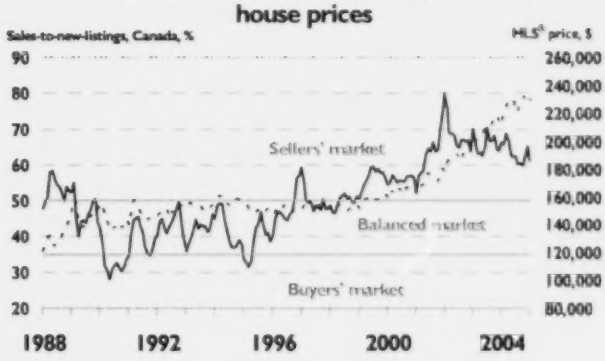
Sellers' market conditions across Canada continue to support above inflation growth of average MLS® prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio, which combines new listings, a gauge of supply in the existing home market and MLS® sales, used as a proxy for demand.

Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

The sales-to-new-listings ratio for Canada was firmly planted in sellers' market territory in January 2005, at about 61 per cent. The average MLS® price for existing homes across Canada was 1.2 per cent higher in January 2005 compared to December 2004. On an annual basis, the sales-

Sellers' market continues to support rising house prices



Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

continued on page 3...

to-new-listings ratio for Canada was 63 per cent in 2004. As a result, the average MLS® price for existing homes across Canada was 9.2 per cent higher in 2004 compared to the previous year.

Economic conditions

In February, employment increased by 26,600 jobs, an increase of 0.2 per cent over January 2005 (a 2.1 per cent annualized rate), while the unemployment rate remained at 7.0 per cent.

In February, the seasonally adjusted employment-to-population ratio remained near record levels. In other words, a record share of Canadians are employed, thus helping to boost consumer confidence and support strong demand for housing.

The Bank of Canada left its target for the overnight lending rate unchanged at 2.5 per cent on March 1st, following similar decisions on January 25th and December 7th. The decision to leave the target for the overnight rate unchanged is in part due to weaker than expected economic growth in the fourth quarter of 2004. With core inflation remaining below the two per cent target, the Bank of Canada remains concerned about the strong Canadian dollar and its dampening effect on the demand for Canadian exports. Mortgage rates have remained low and have helped keep the financing costs of buying a home down.

The price of new homes, measured by the New Housing Price index (NHPI), rose 5.2 per cent in January 2005 compared to January 2004. The strong housing market and higher building material and labour costs as well as some increase in land value, contributed to the increase in house prices.

In February, the price of goods and services included in the Consumer Price Index (CPI) basket increased 2.1 per cent compared to February 2004. The increase was mainly due to higher gasoline prices, homeowners' replacement cost, and the purchase and leasing of automotive vehicles. ■

Contributors: Bob Dugan Ali Manouchehri Julie Taylor

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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Product # 63830-2005-03

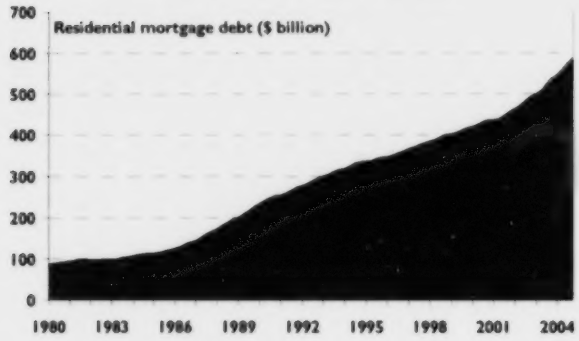
Shelter costs relative to income are higher for lower income households

By: Ali Manouchehri, Senior Economist, Capital Markets

Low mortgage rates have helped keep mortgage payment relative to income in check despite rising residential mortgage debt. Mortgage payments have accounted for more than 15.0 per cent of after tax income of households since the late 1990s.

Residential mortgage debt has grown by about 7.5 per cent per year over the past twenty five years, an increase of more than five-fold since 1980. The increase in mortgage debt reflects both rising home prices, which increases the size of mortgage loans, particularly for first time buyers and increased borrowing due to mortgage refinance activity. This growth in mortgage debt raises a number of issues.

Residential mortgage debt has increased more than five-fold since 1980



Sources: CMHC, Statistics Canada, Bank of Canada

First, rising mortgage debt has led to a larger portion of home values being financed through borrowing.

Second, rising mortgage debt has limited the amount of funds available to households for other purchases and investments. However, low mortgage rates in recent years have helped keep the ratio of mortgage debt payment to income from rising fast.

The ratio of mortgage debt payment to disposable income is often used to show that the mortgage payment burden has remained light despite rising mortgage debt. This measure underestimates the mortgage payment burden because not everyone who earns an income has a mortgage. In fact many individuals such as renters, homeowners who have paid off their mortgages, and young

Mortgage debt accounts for over half of home values*

* Persons and unincorporated businesses
Sources: CMHC, Statistics Canada, Bank of Canada

working adults living with their parents, earn an income but do not have a mortgage payment.

Third, mortgage debt is not distributed equally across all households leading to mortgage payments that are relatively higher for some groups than others.

Mortgage payment relative to income for homeowners with a mortgage higher for higher income earners

This article is based on data from Statistics Canada's Survey of Household Spending (SHS) for 1997 to 2002[1]. Households participating in the survey were divided into four quartiles based on gross income. The first quartile represents households in the lowest income group while the fourth quartile represents those in the highest income group. This analysis focuses on mortgage holders only because homeowners without a mortgage are not impacted by the size of mortgage debt or prevailing mortgage rates[2].

continued on page 5....

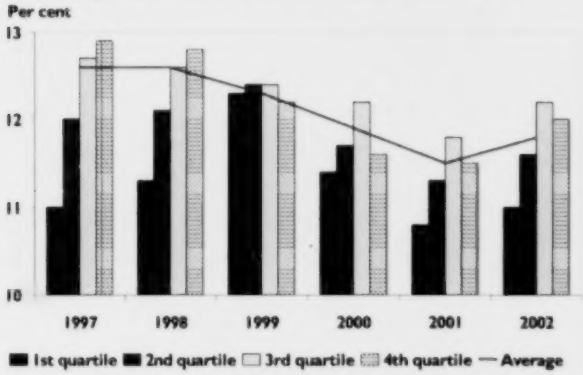
[1] Data for 2003 and 2004 are not available yet and pre-1997 data from Family Expenditure Survey are not comparable to the 1997-2002 data.

[2] While this article utilizes average income for each quartile for each year, similar calculations were made based on median incomes, leading to very similar results.

continued: Shelter costs relative to income are higher for lower income households

The chart below, showing mortgage payment relative to gross income by income quartile reveals two interesting trends. First, the mortgage payment relative to income decreased somewhat for most income groups between 1997 and 2001 largely thanks to low mortgage rates. Second, households in higher income brackets, that is those in the third and fourth highest income quartiles, faced a higher mortgage payment relative to income than those in lower income groups.

Mortgage payment relative to gross income by gross income quartile has remained low



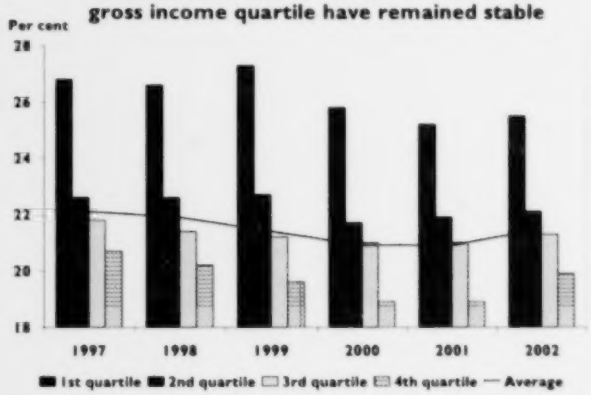
Sources: CMHC, Statistics Canada: Survey of Household Spending

However, once other shelter related costs such as property taxes, maintenance, and repairs are included, the picture changes dramatically across income groups. Shelter costs as a share of income are higher for households in the lowest income quartile. This highlights the importance of non-mortgage related homeownership costs and the burden they impose on household budgets.

Mortgage payment relative to after tax income eased during 1997-2001

Because households make mortgage payments out of their after tax income, it is more appropriate to assess the burden of mortgage and shelter costs relative to after-tax income. Obviously, mortgage payments account for a larger share of after tax income than they do for pre-tax income for all income groups. On average, the ratio of mortgage payment to after tax income is about 3.0 per cent higher than the ratio of mortgage payment to gross income. However, low mortgage rates helped lower this burden for households in all income groups between 1997-2001.

Shelter costs relative to gross income by gross income quartile have remained stable

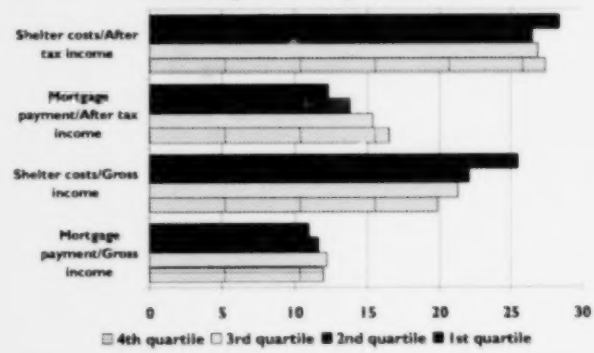


Sources: CMHC, Statistics Canada: Survey of Household Spending

As in the case of gross income, the mortgage payment accounted for a higher share of after tax income for households in the higher income groups than those in the lower income quartiles. On average, the ratio of shelter costs to after tax income was about 6.0 per cent higher than was the case for gross income.

In conclusion, given the relative stability of mortgage and shelter costs to income ratios by income quartile over time, it is evident that while mortgage payments relative to income is higher for households with higher incomes, overall shelter costs are higher for those in the lowest income quartile. It is also clear that low mortgage rates have played a constructive role in keeping the mortgage payment burden low across the board for all income groups despite rising house prices and mortgage debt. ■

Mortgage payment and shelter costs relative to income by income quartile, 2002



Sources: CMHC, Statistics Canada: Survey of Household Spending

MORTGAGE LENDING

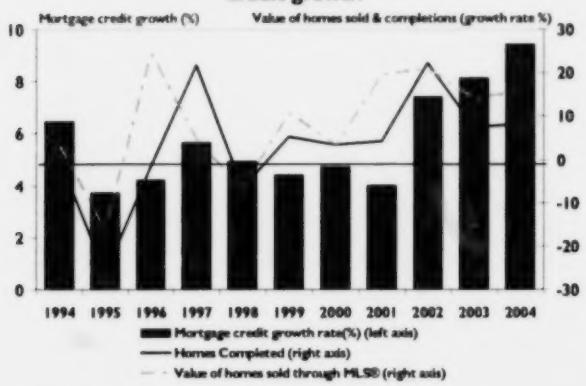
STRONG HOUSING MARKETS BODE WELL FOR RESIDENTIAL MORTGAGE LENDING

By: Ali Manouchehri, Senior Economist, Capital Markets

Residential mortgage credit grew 9.5 per cent in the final quarter of 2004 compared to the same quarter in 2003 to reach nearly $589 billion due to vibrant housing markets.

A combination of low mortgage rates, robust employment growth, income gains, and house price increases laid the foundation for a remarkable performance in housing markets in 2004. The strong housing markets along with refinancing led to healthy growth in the mortgage market in the final quarter of 2004.

Active housing market supports mortgage credit growth



Sources: CMHC, Bank of Canada,Statistics Canada, CREA

A stellar new homes market

The market for new homes enjoyed another strong performance in the fourth quarter of 2004. Seasonally adjusted housing starts of 236,400 units in the fourth quarter of 2004 were up 5.0 per cent compared to the same period in 2003. The New House Prices Index rose 5.4 per cent over the same period. There were more homes started in 2004 than in any year since 1987 and more units completed in 2004 than in the previous 14 years.

Vibrant market for existing homes

The market for existing homes remained strong thanks to low mortgage rates and robust income gains and house price increases. The value of homes sold through MLS® increased 8.8 per cent in the fourth quarter of 2004 over the comparable period in 2003. At the same time, the MLS® average house price rose by over 8.0 per cent.

Strong performance in the housing markets helped lift mortgage credit

The strength in the housing markets along with financial management practices (such as loan consolidation, refinancing) by homeowners helped lead to an increase of 2.4 per cent in mortgage credit outstanding in the fourth quarter of 2004 over the previous quarter. This raised residential mortgage debt by 9.5 per cent in the fourth quarter of 2004 relative to the same period in 2003.

Residential assets have risen relative to financial assets since 2000, while mortgage debt relative to home values have risen since the 1980s*

Sources: CMHC, Bank of Canada,Statistics Canada, CREA

Chartered banks continue to lead in market share

Chartered banks accounted for nearly 73.0 per cent of the residential mortgage loans outstanding by the fourth quarter of 2004 followed by credit unions at 15.6 per cent. ■

INDICATORS OF MORTGAGE LENDING ACTIVITY

MARKET SHARE OF RESIDENTIAL MORTGAGE CREDIT (%) *

	4Q03	1Q04	2Q04	3Q04	4Q04e
Banks	72.7	72.5	72.4	72.6	72.9
Trusts	1.3	1.4	1.4	1.4	1.4
Caisse & Cr. Unions	15.4	15.6	15.7	15.7	15.6
Life Ins. Co.	3.3	3.3	3.2	3.1	3.0
Pension Funds	2.0	2.0	2.0	1.9	1.9
Others **	5.2	5.3	5.3	5.2	5.1

* Excludes Special Purpose Vehicles and NHA MBS

** Includes non-depository credit intermediaries

e: estimate

Sources: CMHC, Bank of Canada, Statistics Canada

MORTGAGE CREDIT OUTSTANDING ($MILLIONS)*

	2002	2003	2004	4Q03	1Q04	2Q04	3Q04	4Q04e
Banks	306,748	329,679	352,527	339,724	341,085	346,652	356,543	365,828
Trusts	5,505	5,989	6,763	6,273	6,436	6,681	6,898	7,039
Caisse & Cr. Unions	63,403	69,144	76,097	72,154	73,437	75,315	77,183	78,450
Life Ins. Co.	16,755	15,797	15,336	15,515	15,496	15,390	15,253	15,203
Pension Funds	9,037	9,139	9,436	9,133	9,246	9,489	9,543	9,467
Others **	23,700	24,226	25,239	24,422	24,789	25,189	25,395	25,584
Special Purpose Vehicles	15,002	14,560	13,273	13,811	13,645	13,563	13,344	12,540
NHA MBS (CMHC)	39,318	49,850	68,471	56,696	61,887	66,110	71,005	74,884
TOTAL	479,468	518,385	567,143	537,728	546,021	558,389	575,165	588,996
% change (year-over-year)	7.4	8.1	9.4	8.6	8.9	9.5	9.6	9.5

* Average for the period, unadjusted

** Includes non-depository credit intermediaries

e: estimate

Sources: CMHC, Bank of Canada, Statistics Canada

MORTGAGE RATES (%)*

	2002	2003	2004	4Q03	1Q04	2Q04	3Q04	4Q04
1-year	5.17	4.84	4.59	4.68	4.30	4.57	4.60	4.90
3-year	6.28	5.82	5.65	5.87	5.23	5.82	5.80	5.75
5-year	7.02	6.39	6.23	6.45	5.85	6.45	6.38	6.25

* Average of period

Sources: CMHC, Bank of Canada, Statistics Canada

NHA AND CONVENTIONAL MORTGAGE LOANS APPROVED*

		2002	2003	3Q03	4Q03	1Q04	2Q04	3Q04
By Type of Lender								
Banks	$ millions	97,527	114,254	32,923	26,708	29,159	41,584	34,438
	Units	825,115	878,368	248,784	200,082	213,097	302,535	241,353
Trusts	$ millions	3,840	4,187	1,243	1,190	1,210	1,482	1,206
	Units	36,346	37,991	11,782	9,775	10,197	11,420	9,512
Life Ins. & Others	$ millions	18,946	19,574	5,283	4,928	5,902	7,261	5,567
	Units	192,982	193,497	53,226	47,889	56,629	70,411	51,687
TOTAL	$ millions	120,313	138,015	39,449	32,826	36,271	50,327	41,211
	Units	1,054,443	1,109,856	313,792	257,746	279,923	384,366	302,552

* Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.

Source: CMHC NHA loan approval system and Conventional Lending Survey

This Month's Housing Data (SAAR)

	2004	Q2:04	Q3:04	Q4:04	M12:04	M01:05	M02:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**232.4**	**236.3**	**236.9**	**236.3**	**204.0**	**214.8**
Per cent change from previous period	6.9	3.8	1.7	0.3	-3.4	-13.7	5.3
Canada. Total. Rural areas	**29.0**	**23.7**	**32.7**	**30.4**	**30.4**	**28.4**	**28.4**
Per cent change from previous period	9.5	-23.5	38.0	-7.0	0.0	-6.6	0.0
Canada. Total. Urban areas	**204.4**	**208.7**	**203.6**	**206.5**	**205.9**	**175.6**	**186.4**
Per cent change from previous period	6.5	8.1	-2.4	1.4	-3.8	-14.7	6.2
Canada. Single. Urban areas	**103.9**	**104.9**	**105.2**	**102.5**	**102.2**	**94.2**	**91.9**
Per cent change from previous period	3.6	4.0	0.3	-2.6	0.9	-7.8	-2.4
Canada. Multiple. Urban areas	**100.5**	**103.8**	**98.4**	**104.0**	**103.7**	**81.4**	**94.5**
Per cent change from previous period	9.7	12.7	-5.2	5.7	-8.1	-21.5	16.1
Newfoundland. Total. All areas	**2.9**	**2.8**	**2.9**	**2.9**	**2.8**	**2.9**	**3.8**
Per cent change from previous period	6.6	-17.6	3.6	0.0	-3.4	3.6	31.0
Prince Edward Island. Total. All areas	**0.9**	**1.1**	**0.8**	**0.7**	**0.7**	**1.8**	**1.3**
Per cent change from previous period	12.9	10.0	-27.3	-12.5	-22.2	157.1	-27.8
Nova Scotia. Total. All areas	**4.7**	**4.2**	**4.9**	**4.7**	**5.4**	**4.6**	**4.5**
Per cent change from previous period	-7.4	-26.3	16.7	-4.1	31.7	-14.8	-2.2
New Brunswick. Total. All areas	**3.9**	**4.1**	**4.3**	**4.0**	**4.5**	**2.5**	**2.8**
Per cent change from previous period	-12.1	70.8	4.9	-7.0	18.4	-44.4	12.0
Quebec. Total. All areas	**58.4**	**54.8**	**60.5**	**60.6**	**60.7**	**55.4**	**54.6**
Per cent change from previous period	16.2	-5.7	10.4	0.2	-4.1	-8.7	-1.4
Ontario. Total. All areas	**85.1**	**87.8**	**85.8**	**84.4**	**81.3**	**71.7**	**75.3**
Per cent change from previous period	-0.1	11.0	-2.3	-1.6	-4.4	-11.8	5.0
Manitoba. Total. All areas	**4.4**	**4.2**	**5.7**	**4.0**	**3.8**	**3.8**	**4.1**
Per cent change from previous period	5.6	7.7	35.7	-29.8	-11.6	0.0	7.9
Saskatchewan. Total. All areas	**3.8**	**4.7**	**3.2**	**4.2**	**3.7**	**2.6**	**2.6**
Per cent change from previous period	14.1	56.7	-31.9	31.3	-21.3	-29.7	0.0
Alberta. Total. All areas	**36.3**	**34.3**	**34.7**	**39.6**	**38.8**	**30.8**	**34.7**
Per cent change from previous period	0.3	-4.7	1.2	14.1	-5.1	-20.6	12.7
British Columbia. Total. All areas	**32.9**	**34.4**	**33.5**	**31.8**	**34.6**	**27.9**	**31.1**
Per cent change from previous period	25.8	9.6	-2.6	-5.1	0.0	-19.4	11.5

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q2:04	Q3:04	Q4:04	M12:04	M01:05	M02:05
Canada	204.4	208.7	203.6	206.5	205.9	175.6	186.4
Newfoundland	2.1	2.1	2.1	2.2	2.1	2.4	3.3
Prince Edward Island	0.6	0.7	0.5	0.4	0.4	1.4	0.9
Nova Scotia	3.3	3.1	3.5	3.1	3.8	2.9	2.8
New Brunswick	2.6	2.8	3.0	2.5	3.0	1.6	1.9
Québec	46.7	46.5	44.1	49.3	49.4	44.3	43.5
Ontario	79.9	83.8	81.4	77.2	74.1	65.3	68.9
Manitoba	2.9	2.6	3.9	2.6	2.4	2.1	2.4
Saskatchewan	3.1	4.0	2.9	3.3	2.8	2.0	2.0
Alberta	32.2	30.6	30.5	35.6	34.8	27.3	31.2
British Columbia	30.9	32.5	31.7	30.3	33.1	26.3	29.5

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2004	Q2:04	Q3:04	Q4:04	M12:04	M01:05	M02:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.3	5.0	5.7	5.8	5.6	5.7
Per cent change from same period previous year	9.3	8.6	8.3	12.6	13.8	13.5	14.0
New & unoccupied row & apartments, units 000s	6.7	6.0	6.7	8.3	8.6	8.5	8.6
Per cent change from same period previous year	18.9	5.5	18.6	37.1	36.4	41.4	51.2
New House Price Index, 1997=100	123.2	122.6	124.2	125.4	125.8	126.1	n.a.
Per cent change from same period previous year	5.5	5.8	5.9	5.4	5.3	5.2	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	477.6	460.6	451.3	450.1	441.9	n.a.
Per cent change from same period previous year	6.0	15.8	-0.5	0.6	1.8	2.4	n.a.
MLS® average resale price*, $C 000s	226.2	226.3	225.8	233.1	235.7	238.5	n.a.
Per cent change from same period previous year	9.2	12.0	7.4	8.1	9.7	10.2	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.57	4.60	4.90	4.80	4.80	4.80
5-Year Mortgage Rate, % (period average)	6.23	6.45	6.38	6.25	6.05	6.05	6.05

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.

NHA MBS Statistics

NHA MORTGAGE-BACKED SECURITIES
(Average of period except when indicated)

		2003	2004	4Q03	1Q04	2Q04	3Q04	4Q04
OUTSTANDING AMOUNT (End of period)								
TOTAL	$million	59,757	78,612	59,757	64,880	69,167	73,903	78,612
	Units	1,163	1,602	1,163	1,227	1,334	1,479	1,602
Residential, single (with PIP *)	$million	1,165	1,669	1,165	1,245	1,428	1,633	1,669
	Units	132	151	132	133	140	150	151
Residential, single (no PIP)	$million	91	18	91	72	46	33	18
	Units	75	37	75	68	60	49	37
Residential, single (no PIP with indemnity)	$million	16,813	16,500	16,813	17,598	16,440	16,044	16,500
	Units	287	346	287	294	309	327	346
Residential, single (no PIP with indemnity, 5-year)	$million	31,029	45,106	31,029	34,702	38,430	41,365	45,106
	Units	268	613	268	323	404	508	613
Residential, multiple	$million	2,253	2,233	2,253	2,265	2,267	2,226	2,233
	Units	144	147	144	146	148	148	147
Social Housing	$million	4,591	4,373	4,591	4,549	4,551	4,491	4,373
	Units	93	85	93	91	90	88	85
Mixed	$million	2,299	2,578	2,299	2,386	2,476	2,530	2,578
	Units	157	172	157	162	162	167	172
Variable rate	$million	1,516	6,135	1,516	2,063	3,529	5,581	6,135
	Units	7	51	7	10	21	42	51
ISSUES (Total of period)								
TOTAL	$million	32,702	37,713	8,553	8,954	9,681	9,642	9,436
	Units	348	594	107	105	143	187	159
Residential, single (with PIP)	$million	532	910	226	206	304	296	104
	Units	33	49	13	9	15	19	6
Residential, single (no PIP)	$million	0	0	0	0	0	0	0
	Units	0	0	0	0	0	0	0
Residential, single (no PIP with indemnity)	$million	5,922	6,705	2,291	2,480	1,267	1,255	1,703
	Units	75	106	22	27	23	28	28
Residential, single (no PIP with indemnity, 5-year)	$million	23,471	23,722	5,100	5,447	6,186	5,532	6,558
	Units	178	346	56	55	81	105	105
Residential, multiple	$million	481	181	73	43	97	5	35
	Units	25	10	4	3	4	1	2
Social Housing	$million	194	244	29	23	45	132	44
	Units	7	8	2	1	2	4	1
Mixed	$million	545	529	120	148	166	105	110
	Units	23	31	6	7	7	9	8
Variable rate	$million	1,557	5,422	713	607	1,617	2,317	882
	Units	7	44	4	3	11	21	9
YIELDS (5-year maturity,%)								
MBS Prepayable		4.38	4.26	4.42	3.93	4.38	4.42	4.31
MBS Non-prepayable		4.26	4.09	4.30	3.78	4.22	4.25	4.12
Mortgage rates		6.39	6.23	6.45	5.85	6.45	6.38	6.25
GOCs		4.00	3.82	4.02	3.51	3.95	3.97	3.84
SPREADS OVER GOC (5-year maturity,%)								
Prepayable		0.38	0.44	0.40	0.42	0.43	0.45	0.47
Non-prepayable		0.26	0.28	0.28	0.27	0.27	0.29	0.27
Mortgage rates		2.39	2.42	2.43	2.34	2.50	2.42	2.41

* PIP stands for Penalty Interest Payments.

Sources: CMHC, Bank of Canada, Statistics Canada

NHA Mortgage-Backed Securities

OCTOBER TO DECEMBER 2004 ISSUES

Pool Number	Issuer	Value ($)	Coupon Rate (%)	Due Date	Weighted Average Interest (%)	Weighted Average Amortization (Yrs.)
Month of Issue: October 2004						
NHA-Insured Market Residential Pools (Single Units)						
964-14800	Alberta Motor Assoc.Insur.Comp	17,076,836.78	4.00	2009-10-01	5.89	23.15
964-14818	Alberta Motor Assoc.Insur.Comp	20,069,683.45	3.50	2007-10-01	5.61	23.35
964-14842	Alberta Motor Assoc.Insur.Comp	14,995,870.78	3.63	2007-10-01	5.31	23.44
NHA-Insured Market Residential Pools (Mixed)						
965-02448	Equitable Trust Company (The)	3,516,140.71	3.75	2007-12-01	4.52	24.92
965-02455	Equitable Trust Company (The)	14,611,768.49	4.05	2009-10-01	4.68	25.00
965-02463	Equitable Trust Company (The)	12,850,013.52	4.80	2014-10-01	5.54	24.73
965-02471	Peoples Trust Company	9,244,377.73	3.50	2009-10-01	4.88	23.57
Homeowner pool with 3 year indemnity						
970-05730	Toronto-Dominion Bank	26,992,186.96	3.50	2008-12-01	4.70	21.51
970-05748	Toronto-Dominion Bank	7,343,059.16	3.60	2008-03-01	4.46	22.31
Homeowner pool with 5 year indemnity						
975-05168	Cdn.Imperial Bank of Commerce	8,386,945.46	3.36	2006-09-01	4.85	20.45
975-05176	Cdn.Imperial Bank of Commerce	10,680,331.23	3.40	2006-10-01	5.04	20.34
975-05184	Cdn.Imperial Bank of Commerce	6,826,636.46	3.38	2006-09-01	5.04	10.14
975-05192	Cdn.Imperial Bank of Commerce	7,733,529.44	3.43	2006-10-01	5.68	21.71
975-05200	Cdn.Imperial Bank of Commerce	7,269,780.98	3.48	2007-01-01	5.33	20.38
975-05218	Cdn.Imperial Bank of Commerce	8,532,634.18	3.48	2007-01-01	5.21	21.43
975-05226	Cdn.Imperial Bank of Commerce	24,922,411.78	3.73	2007-10-01	5.30	22.64
975-05234	Cdn.Imperial Bank of Commerce	15,163,712.02	3.87	2008-05-01	5.67	21.41
975-05242	Cdn.Imperial Bank of Commerce	6,865,355.35	3.81	2008-05-01	5.70	10.61
975-05259	Cdn.Imperial Bank of Commerce	9,160,892.63	3.84	2008-05-01	5.80	20.68
975-05267	Cdn.Imperial Bank of Commerce	39,227,846.79	3.80	2008-10-01	5.30	20.31
975-05275	Cdn.Imperial Bank of Commerce	49,806,098.48	3.80	2008-10-01	5.26	11.06
975-05283	Cdn.Imperial Bank of Commerce	37,542,638.79	3.95	2008-10-01	5.24	22.03
975-05291	Cdn.Imperial Bank of Commerce	5,510,041.19	3.80	2009-03-01	5.10	22.54
975-05309	Cdn.Imperial Bank of Commerce	10,175,673.53	3.80	2009-03-01	4.74	22.03
975-05317	Cdn.Imperial Bank of Commerce	29,971,402.34	3.25	2007-09-01	4.52	22.61
975-05325	Cdn.Imperial Bank of Commerce	29,795,950.79	3.86	2008-01-01	5.48	20.60
975-05333	Toronto-Dominion Bank	9,163,966.91	3.50	2007-05-01	4.29	22.62
975-05341	Toronto-Dominion Bank	7,591,238.03	3.75	2007-05-01	5.49	10.40
975-05358	Toronto-Dominion Bank	19,438,346.10	3.50	2006-09-01	4.54	9.51
975-05366	Toronto-Dominion Bank	8,320,175.86	3.50	2006-06-01	4.83	20.73
975-05374	Toronto-Dominion Bank	21,216,445.13	3.50	2006-06-01	4.62	9.89
975-05382	Toronto-Dominion Bank	19,563,130.08	4.00	2008-12-01	5.03	10.32
975-05390	Toronto-Dominion Bank	27,496,775.70	3.50	2007-09-01	4.61	23.57
975-05408	Toronto-Dominion Bank	22,449,660.95	4.00	2008-12-01	5.00	20.02
975-05416	Toronto-Dominion Bank	23,906,260.16	3.50	2006-09-01	4.50	21.04
975-05424	Toronto-Dominion Bank	34,590,950.66	3.50	2007-09-01	4.58	23.41
975-05432	Home Trust Company	42,770,958.57	4.00	2009-10-01	6.34	23.93
975-05440	Home Trust Company	25,141,053.53	3.50	2007-10-01	6.45	23.93
985 Variable Rate						
985-00440	Cdn.Imperial Bank of Commerce	10,035,032.82	2.39	2009-03-01	3.63	11.52
Month of Issue: November 2004						
NHA-Insured Market Residential Pools (Single Units)						
964-14859	Alberta Motor Assoc.Insur.Comp	14,989,474.48	3.95	2009-11-01	5.71	23.05
964-14867	Vancouver City Savings CU	25,993,927.24	3.80	2009-09-01	4.77	22.89
964-14875	Vancouver City Savings CU	10,792,208.65	3.80	2009-09-01	4.80	23.49
NHA-Insured Market Residential Pools (Mixed)						
965-02489	Equitable Trust Company (The)	13,183,625.28	4.15	2009-11-01	4.84	22.20
NHA-Insured Market Residential Pools (Multiple Units)						
966-02420	Peoples Trust Company	24,376,245.00	5.25	2024-11-01	6.21	22.46

* PIP stands for Penalty Interest Payments
Source: CMHC

NHA Mortgage-Backed Securities

OCTOBER TO DECEMBER 2004 ISSUES

Pool Number	Issuer	Value ($)	Coupon Rate (%)	Due Date	Weighted Average Interest (%)	Weighted Average Amortization (Yrs.)
Month of Issue: November 2004						
Homeowner pool with 3 year indemnity						
970-05706	National Bank of Canada	32,060,246.62	3.55	2008-09-01	4.86	20.48
970-05755	Bank of Nova Scotia	6,317,158.04	4.30	2008-12-01	5.73	18.17
970-05763	Bank of Nova Scotia	4,914,893.28	4.30	2009-03-01	5.77	17.79
970-05771	Bank of Nova Scotia	158,604,113.53	4.25	2009-09-01	5.06	21.48
970-05789	National Bank of Canada	20,691,971.38	3.40	2007-09-01	4.90	21.47
970-05805	Cdn.Imperial Bank of Commerce	21,012,243.66	2.96	2005-06-01	7.84	19.51
970-05813	Cdn.Imperial Bank of Commerce	6,462,794.90	2.76	2005-06-01	7.87	10.71
970-05821	Cdn.Imperial Bank of Commerce	25,187,906.88	2.97	2005-08-01	7.82	19.22
970-05839	Cdn.Imperial Bank of Commerce	32,461,228.17	3.01	2005-10-01	7.68	19.72
Homeowner pool with 5 year indemnity						
975-05457	Royal Bank of Canada	57,425,787.01	2.99	2006-06-01	3.77	22.06
975-05465	Royal Bank of Canada	73,422,557.26	3.30	2006-12-01	4.36	21.31
975-05473	National Bank of Canada	34,027,035.88	3.50	2008-03-01	5.58	20.37
975-05481	Cdn.Imperial Bank of Commerce	5,314,428.28	2.50	2005-07-01	3.28	22.45
975-05499	Cdn.Imperial Bank of Commerce	5,056,904.79	2.50	2005-07-01	3.75	22.81
975-05507	Cdn.Imperial Bank of Commerce	6,490,786.43	2.96	2005-07-01	3.90	10.31
975-05515	Cdn.Imperial Bank of Commerce	4,547,110.73	3.68	2007-11-01	5.20	22.87
975-05523	Cdn.Imperial Bank of Commerce	3,318,531.87	3.49	2007-02-01	5.35	21.52
975-05531	Cdn.Imperial Bank of Commerce	25,091,809.33	3.00	2005-09-01	4.12	22.57
975-05549	Cdn.Imperial Bank of Commerce	32,914,164.31	3.00	2005-11-01	4.19	22.84
975-05556	Cdn.Imperial Bank of Commerce	7,936,953.84	3.40	2006-11-01	4.84	22.30
975-05564	Cdn.Imperial Bank of Commerce	3,786,935.32	3.56	2007-07-01	5.84	22.02
975-05572	Cdn.Imperial Bank of Commerce	5,044,900.18	3.57	2007-07-01	5.19	10.93
975-05580	Cdn.Imperial Bank of Commerce	4,449,603.32	3.68	2008-01-01	5.28	20.72
975-05598	Cdn.Imperial Bank of Commerce	3,144,325.65	3.55	2007-07-01	5.64	9.11
975-05606	Cdn.Imperial Bank of Commerce	25,693,905.74	3.69	2007-11-01	5.28	23.32
975-05614	Cdn.Imperial Bank of Commerce	5,561,571.96	3.82	2008-06-01	5.21	21.85
975-05622	Cdn.Imperial Bank of Commerce	4,183,761.75	3.65	2007-11-01	5.55	11.87
975-05630	Cdn.Imperial Bank of Commerce	6,446,388.01	3.77	2008-06-01	6.40	10.60
975-05648	Cdn.Imperial Bank of Commerce	8,934,250.53	3.91	2008-11-01	6.35	19.48
975-05655	Cdn.Imperial Bank of Commerce	19,799,014.40	3.80	2008-11-01	4.98	20.50
975-05663	Cdn.Imperial Bank of Commerce	8,192,192.50	3.87	2008-11-01	6.21	11.47
975-05671	Cdn.Imperial Bank of Commerce	9,582,145.90	3.91	2008-11-01	5.22	22.06
975-05689	Cdn.Imperial Bank of Commerce	7,990,518.38	3.89	2008-11-01	5.22	21.56
975-05697	Canada Trustco Mortgage Co.	4,321,583.28	3.65	2007-03-01	5.42	17.56
975-05705	Canada Trustco Mortgage Co.	4,721,128.04	3.60	2007-03-01	5.32	10.45
975-05713	Canada Trustco Mortgage Co.	7,707,337.48	3.50	2006-09-01	4.88	17.74
975-05721	Canada Trustco Mortgage Co.	14,864,838.69	3.50	2006-09-01	4.60	9.33
975-05739	Cdn.Imperial Bank of Commerce	16,518,905.45	3.74	2007-11-01	4.90	22.42
975-05747	Cdn.Imperial Bank of Commerce	98,743,216.21	3.84	2008-05-01	5.40	21.15
975-05754	Cdn.Imperial Bank of Commerce	11,149,565.64	3.72	2007-11-01	4.84	22.45
985 Variable Rate						
985-00457	Cdn.Imperial Bank of Commerce	3,109,313.22	2.72	2009-03-01	3.83	19.43
985-00465	Cdn.Imperial Bank of Commerce	4,751,762.93	2.72	2009-02-01	4.00	20.32
985-00473	Cdn.Imperial Bank of Commerce	4,096,829.30	2.72	2009-02-01	4.00	12.22
Social Housing Pools						
990-08799	Toronto-Dominion Bank	44,103,577.02	4.50	2014-11-01	5.04	23.27
Month of Issue: December 2004						
NHA-Insured Market Residential Pools (Mixed)						
965-02497	Peoples Trust Company	14,866,466.43	4.25	2014-12-01	5.58	18.72
965-02505	Equitable Trust Company (The)	14,503,015.80	4.50	2014-12-01	5.42	24.81
965-02513	Equitable Trust Company (The)	27,633,756.96	3.70	2009-12-01	4.68	21.38
NHA-Insured Market Residential Pools (Multiple Units)						
966-02438	Peoples Trust Company	10,872,821.40	3.80	2009-12-01	4.58	18.09

* PIP stands for Penalty Interest Payments
Source: CMHC

NHA Mortgage-Backed Securities

OCTOBER TO DECEMBER 2004 ISSUES

Pool Number	Issuer	Value ($)	Coupon Rate (%)	Due Date	Weighted Average Interest (%)	Weighted Average Amortization (Yrs.)
Month of Issue: December 2004						
Homeowner pool with 3 year indemnity						
970-05797	National Bank of Canada	9,026,308.63	3.00	2008-03-01	5.80	19.43
970-05847	National Bank of Canada	10,304,853.97	3.00	2008-03-01	5.75	10.04
970-05854	National Bank of Canada	65,606,355.85	3.00	2008-11-01	4.89	19.94
970-05862	National Bank of Canada	163,980,951.04	3.00	2009-11-01	4.95	21.32
970-05870	National Bank of Canada	72,008,897.31	3.50	2009-11-01	5.98	21.06
970-05888	La Capitale Civil Service Ins	33,117,603.54	3.80	2009-12-01	5.20	23.44
970-05896	Bank of Nova Scotia	141,461,545.59	3.85	2009-11-01	4.60	21.91
970-05904	Bank of Nova Scotia	251,506,538.26	3.85	2009-11-01	5.11	21.94
970-05912	Bank of Nova Scotia	169,676,173.35	5.25	2009-11-01	6.26	22.03
970-05920	Bank of Nova Scotia	187,736,869.43	4.25	2009-11-01	5.10	21.79
970-05938	Bank of Nova Scotia	73,453,132.97	5.25	2009-11-01	6.21	21.21
970-05946	Bank of Nova Scotia	126,690,092.07	3.85	2009-11-01	4.62	21.86
970-05953	Toronto-Dominion Bank	9,607,193.15	3.45	2006-06-01	4.66	23.12
970-05961	Toronto-Dominion Bank	7,503,899.06	3.55	2007-03-01	4.48	23.85
970-05979	Toronto-Dominion Bank	5,932,761.65	3.50	2007-09-01	4.51	23.14
970-05987	HSBC Bank Canada	6,335,366.08	4.25	2009-11-01	4.78	23.25
970-05995	HSBC Bank Canada	27,080,698.16	3.80	2009-12-01	5.06	22.07
Homeowner pool with 5 year indemnity						
975-05762	Laurentian Bank of Canada	61,651,248.81	3.90	2009-12-01	5.46	22.40
975-05770	Royal Bank of Canada	153,469,783.74	3.65	2009-11-01	5.42	22.65
975-05788	Royal Bank of Canada	426,142,149.22	3.65	2009-09-01	5.29	22.21
975-05796	Royal Bank of Canada	191,780,508.95	3.65	2009-11-01	5.07	22.66
975-05804	Royal Bank of Canada	708,144,872.29	3.65	2009-09-01	4.95	22.22
975-05812	Royal Bank of Canada	138,738,920.03	3.20	2007-09-01	4.91	21.88
975-05820	Royal Bank of Canada	98,027,264.67	3.45	2008-09-01	4.60	22.68
975-05838	National Bank of Canada	86,649,864.21	3.00	2009-11-01	4.88	21.82
975-05846	Cdn.Imperial Bank of Commerce	25,474,373.20	3.92	2009-12-01	5.91	22.53
975-05853	Cdn.Imperial Bank of Commerce	41,635,663.58	3.85	2009-12-01	5.00	23.19
975-05861	Cdn.Imperial Bank of Commerce	19,425,480.97	3.87	2009-12-01	6.07	12.11
975-05879	Cdn.Imperial Bank of Commerce	16,997,239.71	3.87	2009-12-01	5.21	12.09
975-05887	Cdn.Imperial Bank of Commerce	243,010,077.27	3.92	2009-12-01	5.96	22.90
975-05895	Cdn.Imperial Bank of Commerce	312,714,049.14	3.85	2009-12-01	5.03	23.34
975-05903	Cdn.Imperial Bank of Commerce	175,622,637.99	2.94	2008-12-01	4.57	21.49
975-05911	Cdn.Imperial Bank of Commerce	3,173,349.82	3.88	2009-12-01	5.41	12.56
975-05929	Toronto-Dominion Bank	106,893,462.47	4.00	2009-11-01	5.38	24.62
975-05937	Toronto-Dominion Bank	30,785,982.56	3.50	2009-05-01	4.68	23.11
975-05945	Toronto-Dominion Bank	307,121,139.34	3.75	2009-11-01	5.07	23.99
975-05952	Canada Trustco Mortgage Co.	48,876,927.17	3.90	2009-11-01	5.42	11.46
975-05960	Toronto-Dominion Bank	5,018,717.10	3.40	2006-06-01	4.71	21.93
975-05978	Toronto-Dominion Bank	15,307,190.88	3.55	2007-09-01	4.58	23.86
975-05986	Canada Trustco Mortgage Co.	17,261,397.26	3.50	2006-06-01	4.71	10.05
975-05994	Canada Trustco Mortgage Co.	10,087,518.25	3.40	2006-06-01	4.85	17.84
975-06000	Canada Trustco Mortgage Co.	11,990,015.80	3.50	2006-11-01	4.62	10.10
975-06018	Canada Trustco Mortgage Co.	8,104,396.60	3.50	2006-11-01	4.76	17.76
975-06026	Canada Trustco Mortgage Co.	5,407,193.36	3.50	2007-03-01	5.70	18.93
975-06034	Canada Trustco Mortgage Co.	25,951,281.81	3.75	2008-03-01	5.42	10.55
975-06042	TD Securities Inc.	12,671,733.34	4.05	2009-12-01	5.05	23.42
975-06059	TD Securities Inc.	10,680,821.90	4.05	2009-12-01	5.03	23.48
975-06067	Maple Bank GmbH	46,535,250.27	3.50	2009-12-01	5.11	21.47
975-06075	Maple Bank GmbH	160,199,180.97	3.50	2009-12-01	5.10	22.41

* PIP stands for Penalty Interest Payments

Source: CMHC

NHA Mortgage-Backed Securities

OCTOBER TO DECEMBER 2004 ISSUES

Pool Number	Issuer	Value ($)	Coupon Rate (%)	Due Date	Weighted Average Interest (%)	Weighted Average Amortization (Yrs.)
Month of Issue: December 2004						
Homeowner pool with 5 year indemnity						
975-06083	Cdn.Imperial Bank of Commerce	227,041,864.11	3.77	2009-12-01	5.29	22.24
975-06091	Cdn.Imperial Bank of Commerce	15,406,105.85	3.72	2009-12-01	4.84	12.20
975-06109	Cdn.Imperial Bank of Commerce	240,156,224.48	3.26	2009-12-01	4.74	22.16
975-06117	Cdn.Imperial Bank of Commerce	70,611,665.94	3.77	2009-12-01	5.25	22.56
975-06125	Cdn.Imperial Bank of Commerce	16,238,599.37	3.71	2009-12-01	5.25	11.84
975-06133	Cdn.Imperial Bank of Commerce	72,443,079.26	3.26	2009-12-01	4.73	22.58
975-06141	Bank of Montreal	467,857,670.15	3.70	2009-09-01	4.99	21.89
975-06158	Bank of Montreal	273,953,891.39	3.70	2009-09-01	4.99	22.56
975-06166	HSBC Bank Canada	23,390,908.56	4.40	2009-12-01	4.95	22.64
975-06174	HSBC Bank Canada	39,618,650.67	3.80	2009-12-01	5.01	22.38
975-06182	HSBC Bank Canada	7,006,940.75	3.80	2009-11-01	4.78	22.76
975-06190	Toronto-Dominion Bank	128,516,801.45	3.80	2009-07-01	4.88	22.69
975-06208	Toronto-Dominion Bank	354,338,708.79	3.75	2009-07-01	4.86	22.25
985 Variable Rate						
985-00481	Cdn.Imperial Bank of Commerce	646,286,300.59	2.78	2009-12-01	3.27	20.75
985-00499	Cdn.Imperial Bank of Commerce	112,320,965.66	2.78	2009-12-01	3.26	11.72
985-00507	Cdn.Imperial Bank of Commerce	60,281,509.67	2.78	2009-12-01	3.26	21.18
985-00515	Cdn.Imperial Bank of Commerce	10,619,461.40	2.78	2009-12-01	3.24	12.18
985-00523	Toronto-Dominion Bank	30,378,252.06	2.59	2008-03-01	3.58	10.53

* PIP stands for Penalty Interest Payments

Source: CMHC

Definition of NHA MBS pool types

964 - Comprised exclusively of homeowner mortgages, any Penalty Interest Payments (PIP) from early prepayment are passed through to the investor

967 - Comprised exclusively of homeowner mortgages, all Penalty Interest Payments (PIP) from early prepayment are retained by the issuer

970 - Comprised exclusively of homeowner mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core provisions

975 - Comprised exclusively of homeowner mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions (5-year term)

966 - Comprised exclusively multi-family rental mortgages, pools mortgages are closed to prepayment options

990 - Comprised exclusively social housing mortgages, pools and mortgages are closed to prepayment options

965 - Mixed Pools, these pools can be comprised of any of the above types of mortgages

985 - Comprised exclusively of equal monthly payment variable rate homeowner mortgages

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APRIL 2005

Canadian Market Overview

New Home Market

Starts edge higher in March

The seasonally adjusted annual rate[1] of housing starts was 218,400 in March, up 0.1 per cent from 218,100 in February.

The high level of starts in March indicates that demand for new homes remains strong, supported by low mortgage rates and high levels of employment. Housing starts were lower than they were a year earlier, suggesting that activity in the housing market is slowing from its peak level set in 2004.

Multiple construction growth offsets decline in urban single starts in March

The seasonally adjusted annual rate of urban starts rose 0.2 per cent to 189,700 units in March. An increase in multiple starts

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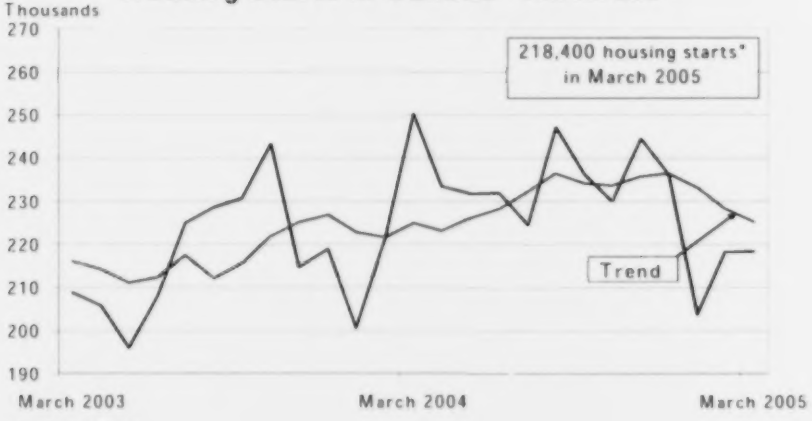
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

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HOME TO CANADIANS

was partially offset by a decline in singles. Multiple starts climbed 1.8 per cent in March to 96,600 units while single starts declined 1.5 per cent to 93,100 units on a seasonally adjusted annual basis.

Urban starts increased in British Columbia and the Prairies, while they slowed in the remaining regions

In March, new construction activity was strongest in Western Canada. The seasonally adjusted annual rate of urban starts in British Columbia and the Prairies rose 11.3 per cent and 9.7 per cent, respectively. Urban housing starts decreased in March compared to last month in the Atlantic region (10.6 per cent), in Quebec (9.6 per cent), and in Ontario (2.2 per cent).

Rural starts in March were estimated at a seasonally adjusted annual rate of 28,700 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first three months of 2005, actual urban starts were 6.0 per cent lower than in the same period of 2004. Year-to-date single starts fell 9.4 per cent, and multiple starts eased 2.8 per cent.

Resale Market

MLS® sales remain strong

Seasonally adjusted MLS® (Multiple Listings Service) sales rose to 38,215 units in February 2005 up 3.5 per cent from 36,928 units in January 2005.

MLS® actual sales for the first two months of 2005, at 58,000 units, were down 0.6 per cent from the same period in 2004.

Sales of existing homes in 2004 reached a record level for a fourth consecutive year, thanks to strong demand due to low interest rates and a strong labour market.

MLS® new listings rise

Seasonally adjusted MLS® new listings in February 2005 rose to 61,975 units, up 3.1 per cent from 60,095 units in January 2005.

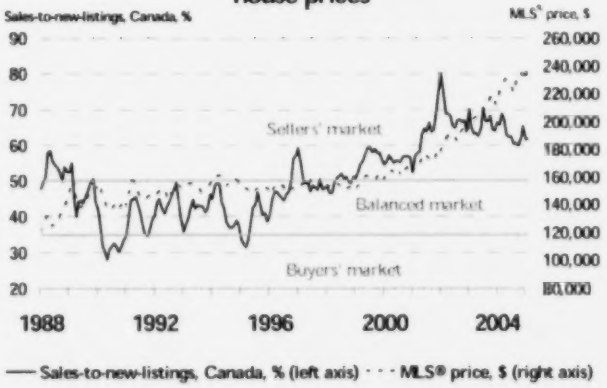
Actual new listings for the first two months of 2005 are up 6.2 per cent over the same period in 2004. This comes on the heels of 2004, a year in which new listings grew 9.8 per cent to 727,225 units, a level not seen since 1992.

Sellers' market conditions across Canada continue to support above inflation growth of average MLS® prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio, New listings are a gauge of supply in the existing home market, while MLS® sales are used as a proxy for demand.

Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers'*

Sellers' market continues to support rising house prices



Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

continued on page 3...

market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

The sales-to-new-listings ratio for Canada was firmly planted in sellers' market territory in February 2005, at about 62 per cent. The average MLS® price for existing homes across Canada increase at an annualized rate of 8.4 per cent in February 2005 compared to January 2005.

Economic conditions

In March, employment remained steady. An increase in part-time employment of 34,000 jobs was mostly offset by a decline in full-time employment. The unemployment rate edged down 0.1 percentage point to 6.9 per cent in March.

Employment in the first quarter of 2005 was up 0.2 per cent or 25,000 jobs. The sectors where job creation was strongest in the first quarter were retail and wholesale trade, educational services, and financial, insurance, real estate and leasing.

In March, the seasonally adjusted employment-to-population ratio remained close to record levels. In other words, a near record share of Canadians are employed, thus helping to boost consumer confidence and support strong demand for housing.

The Bank of Canada left its target for the overnight lending rate unchanged at 2.5 per cent on April 12th , following similar decisions on March 1st and January 25th . With core inflation remaining below the two per cent target, the Bank of Canada remains concerned about the strong Canadian dollar and its dampening effect on the demand for Canadian exports. Growth is expected to come primarily from strength in domestic demand. Mortgage rates have remained low and have helped keep the financing costs of buying a home down.

The price of new homes, measured by the New Housing Price index (NHPI), rose 5.1 per cent in February 2005 compared to February 2004, the lowest rate of increase since March 2004. The strong housing market and higher building material and labour costs as well as some increase in land value, contributed to the increase in house prices.

In March, the price of goods and services included in the Consumer Price Index (CPI) basket increased 2.3 per cent compared to March 2004. The increase was mainly due to higher gasoline prices, homeowners' replacement cost, restaurant meal prices, property taxes and fuel oil prices. These increases were restrained by lower prices for computer equipment and supplies, fresh vegetables and traveller accommodations. ■

Who intends to purchase a home?

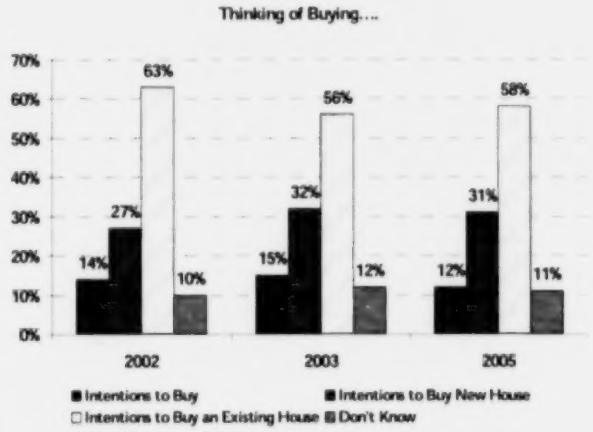
CMHC's 2004 Consumer Intentions to Buy or Renovate survey contains a wealth of information on intentions to buy a home and the type of home potential buyers are looking for.

Overview of Survey Results

- CMHC's Consumer Intentions to Buy or Renovate Survey contains a wealth of information on households who intend to buy a home in the next twelve months. Home buying intentions were surveyed in six major centres across Canada: Vancouver, Calgary, Toronto, Ottawa, Montreal, and Halifax.

- According to the 2004 survey, 12 per cent of households located in these six centres stated that they intended to buy a home within the year. Across the six centres, the largest shares of potential buyers were in Vancouver and Calgary where 15 per cent of households said they intend to purchase a home in 2005[1]. The share of households who intend to purchase in Toronto (13 per cent) and Ottawa (12 per cent) is high, while the share of households who intend to buy in Halifax (11 per cent) and Montreal (9 per cent) is lower. Intentions are slightly down from the past two surveys conducted for the years[2] 2002 and 2003, where 14 and 15 per cent of homeowners respectively were thinking of buying a house.

- Of those intending to purchase a home this year, almost a third (31 per cent) plan to purchase a newly built home. This is virtually unchanged from 2003, when the share of potential buyers intending to purchase a newly built home was 32 per cent.



Source: CMHC's Consumer Intentions to Buy or Renovate Survey

- More than half (58 per cent) of potential buyers intend to purchase an existing home. This is up slightly from 2003, when the share of potential buyers intending to purchase an existing home was 56 per cent.

A profile of potential home buyers:

- The majority of potential buyers, 51 per cent, are between the ages of 35 and 54. This share of buyers between the ages of 35 and 54 has increased from 37 per cent in 2003, while the proportion of potential home buyers under the age of 35 has decreased from close to half to one in three.

- Renters continue to be a key market segment. Sixty per cent of the potential home buyers currently rent their home, while the remainder (40 per cent) are owners.

continued on page 5....

[1] The survey covers households that intend to purchase a home between the last quarter of 2004 to the last quarter of 2005.
[2] Survey was not done in 2004

continued:Who intends to purchase a home?

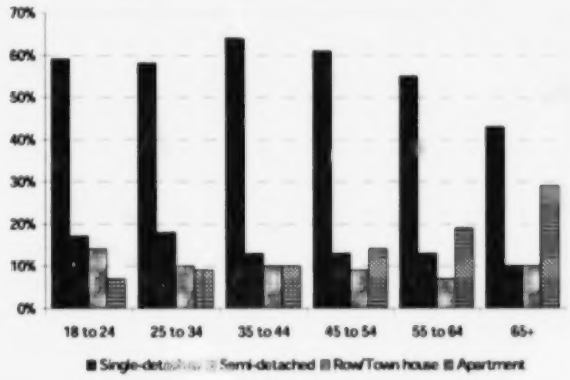
- Smaller households, which consist of single person households (19 per cent) and two-person households (31 per cent), represent half of potential home buyers.
- Of the potential home buyers, 40 per cent do not have children under the age of 18 in their household.
- Just over half of the potential home buyers have a total household income between $40,000 to $100,000, while 15 per cent earned more than $100,000.

Total Household Income	
Less than $40,000	13%
$40,000 to less than $60,000	18%
$60,000 to less than $80,000	15%
$80,000 to less than $100,000	18%
$100,000 to less than $120,000	7%
More than $120,000	8%

Source: CMHC's Consumer Intentions to Buy or Renovate Survey

- Close to two thirds (66 per cent) of potential home buyers are thinking of buying a larger house compared to their current residence.
- The majority of potential buyers will be high ratio mortgage borrowers. Over half the potential buyers (52 per cent) plan to make a down payment of less than 25 per cent of the expected value of their purchase.
- Household savings is the main source of down payment for 48 per cent of the potential home buyers, while 28 per cent will use equity from their present home, 8 per cent will use the RRSP Home Buyer's Plan, and 4 per cent will get a bank or credit union loan.
- Potential buyers in all age groups stated that single-detached homes were their preferred structure type, with 59 per cent of respondents, while only 15 per cent of individuals claimed to prefer a semi-detached home. As well, the older the age group, the more likely they were to prefer an apartment.

Single-detached are preferred by all ages



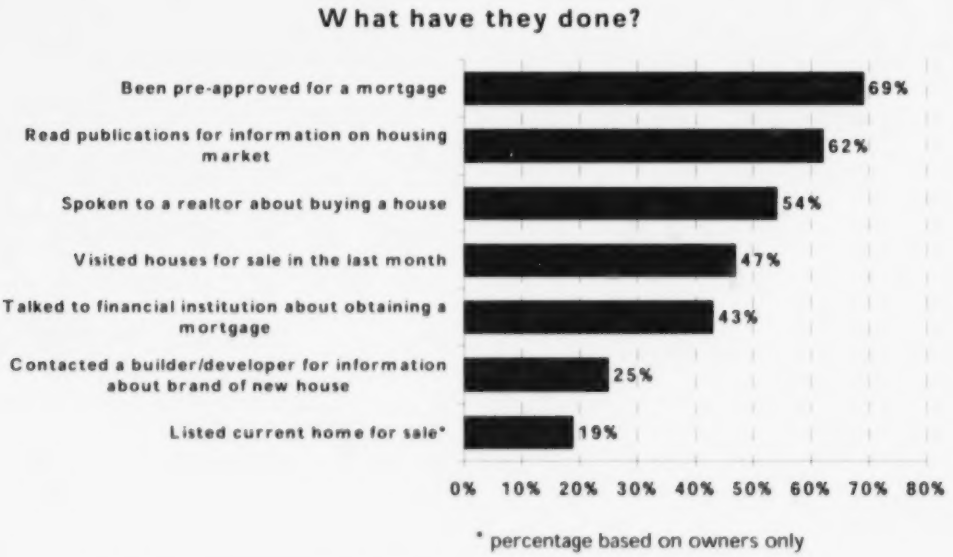
Source: CMHC's Consumer Intentions to Buy or Renovate Survey

- Nationally, 32 per cent of all potential home buyers are looking for a home priced between $200,000 and $300,000. A larger share of households in the 55 to 64 year age group, 37 per cent intend to buy homes priced above $300,000 compared to 32 per cent of all households. Only 30 per cent of households aged 65 or older and 27 per cent of households between 25 and 34 years of age intend to purchase a house priced above $300,000.

continued on page 6....

continued:Who intends to purchase a home?

- The survey asked respondents what steps they have taken toward purchasing a home. The top step taken by potential buyers was to obtain a pre-approved mortgage (69 per cent), while 62 per cent of potential buyers read housing related publications. Only 19 per cent of the potential home buyers who are currently owners had listed their current home for sale at the time of the survey. ■


What have they done?
Been pre-approved for a mortgage
69%
Read publications for information on housing market
62%
Spoken to a realtor about buying a house
54%
Visited houses for sale in the last month
47%
Talked to financial institution about obtaining a mortgage
43%
Contacted a builder/developer for information about brand of new house
25%
Listed current home for sale*
19%
0% 10% 20% 30% 40% 50% 60% 70% 80%
* percentage based on owners only

Source: CMHC's Consumer Intentions to Buy or Renovate Survey

Contributors: Julie Taylor Bob Dugan

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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Product # 63830-2005-04

This Month's Housing Data (SAAR)

	2004	Q3:04	Q4:04	Q1:05	M1:05	M2:05	M3:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**236.3**	**236.9**	**213.3**	**203.7**	**218.1**	**218.4**
Per cent change from previous period	6.9	1.7	0.3	-10.0	-13.8	7.1	0.1
Canada. Total. Rural areas	**29.0**	**32.7**	**30.4**	**28.7**	**28.7**	**28.7**	**28.7**
Per cent change from previous period	9.5	38.0	-7.0	-5.6	-5.6	0.0	0.0
Canada. Total. Urban areas	**204.4**	**203.6**	**206.5**	**184.6**	**175.0**	**189.4**	**189.7**
Per cent change from previous period	6.5	-2.4	1.4	-10.6	-15.0	8.2	0.2
Canada. Single. Urban areas	**103.9**	**105.2**	**102.5**	**93.4**	**92.8**	**94.5**	**93.1**
Per cent change from previous period	3.6	0.3	-2.6	-8.9	-9.2	1.8	-1.5
Canada. Multiple. Urban areas	**100.5**	**98.4**	**104.0**	**91.2**	**82.2**	**94.9**	**96.6**
Per cent change from previous period	9.7	-5.2	5.7	-12.3	-20.7	15.5	1.8
Newfoundland. Total. All areas	**2.9**	**2.9**	**2.9**	**3.1**	**2.8**	**3.9**	**2.7**
Per cent change from previous period	6.6	3.6	0.0	6.9	0.0	39.3	-30.8
Prince Edward Island. Total. All areas	**0.9**	**0.8**	**0.7**	**1.5**	**1.8**	**1.3**	**1.3**
Per cent change from previous period	12.9	-27.3	-12.5	114.3	157.1	-27.8	0.0
Nova Scotia. Total. All areas	**4.7**	**4.9**	**4.7**	**4.0**	**4.2**	**4.2**	**3.6**
Per cent change from previous period	-7.4	16.7	-4.1	-14.9	-22.2	0.0	-14.3
New Brunswick. Total. All areas	**3.9**	**4.3**	**4.0**	**3.2**	**2.7**	**3.0**	**3.9**
Per cent change from previous period	-12.1	4.9	-7.0	-20.0	-40.0	11.1	30.0
Quebec. Total. All areas	**58.4**	**60.5**	**60.6**	**55.1**	**57.0**	**56.2**	**52.1**
Per cent change from previous period	16.2	10.4	0.2	-9.1	-6.1	-1.4	-7.3
Ontario. Total. All areas	**85.1**	**85.8**	**84.4**	**71.3**	**67.7**	**73.9**	**72.3**
Per cent change from previous period	-0.1	-2.3	-1.6	-15.5	-16.7	9.2	-2.2
Manitoba. Total. All areas	**4.4**	**5.7**	**4.0**	**4.3**	**3.8**	**4.0**	**5.2**
Per cent change from previous period	5.6	35.7	-29.8	7.5	0.0	5.3	30.0
Saskatchewan. Total. All areas	**3.8**	**3.2**	**4.2**	**2.5**	**2.8**	**2.5**	**2.2**
Per cent change from previous period	14.1	-31.9	31.3	-40.5	-24.3	-10.7	-12.0
Alberta. Total. All areas	**36.3**	**34.7**	**39.6**	**36.7**	**32.6**	**37.4**	**40.1**
Per cent change from previous period	0.3	1.2	14.1	-7.3	-16.0	14.7	7.2
British Columbia. Total. All areas	**32.9**	**33.5**	**31.8**	**31.6**	**28.3**	**31.7**	**35.0**
Per cent change from previous period	25.8	-2.6	-5.1	-0.6	-18.2	12.0	10.4

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q3:04	Q4:04	Q1:05	M1:05	M2:05	M3:05
Canada	204.4	203.6	206.5	184.6	175.0	189.4	189.7
Newfoundland	2.1	2.1	2.2	2.5	2.2	3.3	2.1
Prince Edward Island	0.6	0.5	0.4	1.1	1.4	0.9	0.9
Nova Scotia	3.3	3.5	3.1	2.5	2.7	2.7	2.1
New Brunswick	2.6	3.0	2.5	1.8	1.3	1.6	2.5
Québec	46.7	44.1	49.3	41.6	43.5	42.7	38.6
Ontario	79.9	81.4	77.2	69.4	65.8	72.0	70.4
Manitoba	2.9	3.9	2.6	2.7	2.2	2.4	3.6
Saskatchewan	3.1	2.9	3.3	2.0	2.3	2.0	1.7
Alberta	32.2	30.5	35.6	32.0	27.9	32.7	35.4
British Columbia	30.9	31.7	30.3	29.0	25.7	29.1	32.4

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2004	Q3:04	Q4:04	Q1:05	M1:05	M2:05	M3:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.0	5.7	5.7	5.6	5.7	5.7
Per cent change from same period previous year	9.3	8.3	12.6	12.5	13.5	14.0	10.0
New & unoccupied row & apartments, units 000s	6.7	6.7	8.3	8.8	8.5	8.6	9.3
Per cent change from same period previous year	18.9	18.6	37.1	49.6	41.4	51.2	56.4
New House Price Index, 1997=100	123.2	124.2	125.4	n.a.	126.1	126.5	n.a.
Per cent change from same period previous year	5.5	5.9	5.4	n.a.	5.2	5.1	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	460.6	451.3	n.a.	443.1	458.6	n.a.
Per cent change from same period previous year	6.0	-0.5	0.6	n.a.	2.7	4.3	n.a.
MLS® average resale price*, $C 000s	226.2	225.8	233.1	n.a.	238.2	239.9	n.a.
Per cent change from same period previous year	9.2	7.4	8.1	n.a.	10.0	8.5	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.60	4.90	4.88	4.80	4.80	5.05
5-Year Mortgage Rate, % (period average)	6.23	6.38	6.25	6.12	6.05	6.05	6.25

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.

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MAY 2005

Canadian Market Overview

New Home Market

Strong housing starts in April

The seasonally adjusted annual rate[1] of housing starts was 230,400 units in April, up 5.5 per cent from 218,400 units in March.

The strength in housing starts in April was broadly based regionally and in both single and multiple homes, lifting total starts above the 230,000 mark.

Favourable economic factors, such as high levels of employment and low mortgage rates, continue to stimulate residential construction activity.

Multiple construction growth was a key contributor to strong urban starts in April

The seasonally adjusted annual rate of urban starts rose 5.6 per cent to 200,400 units in April, with multiples leading the way.

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Demographics and their contribution to the housing market ---------- 4

Wood Buffalo's economy fuelling on high octane --- 5

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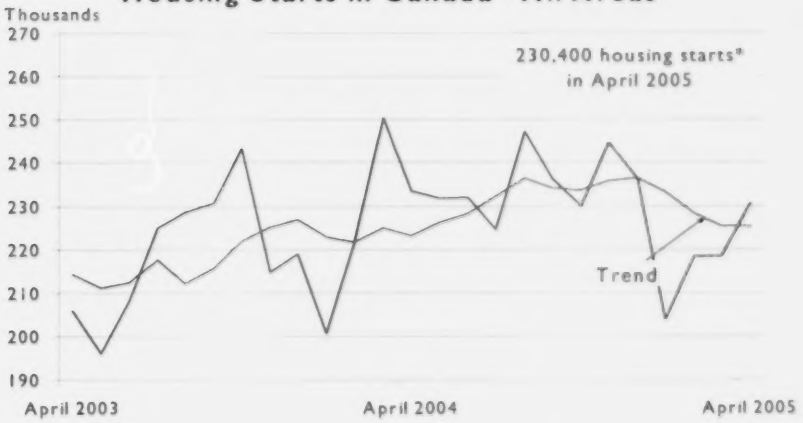
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

CMHC SCHL
HOME TO CANADIANS

Multiple urban starts climbed 8.1 per cent in April to 104,400 units while single starts increased 3.1 per cent to 96,000 units on a seasonally adjusted annual basis.

Urban starts increased in all regions except British Columbia

In April, the seasonally adjusted annual rate of urban starts increased in four of the five regions across Canada compared to the previous month. The largest increases were in the Atlantic provinces and in Quebec, where starts rose 17.1 per cent and 16.3 per cent, respectively. Starts in April also increased compared to March in Ontario (9.7 per cent) and in the Prairies (0.5 per cent), but fell 12.0 per cent in British Columbia.

Rural starts in April were estimated at a seasonally adjusted annual rate of 30,000 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first four months of 2005, actual urban starts were 5.4 per cent lower than in the same period of 2004. Year to date single starts are down 9.7 per cent, while multiple starts eased 1.2 per cent compared to the same period last year.

Resale Market

MLS® sales remain strong

Seasonally adjusted MLS® (Multiple Listings Service) sales were up 0.2 per cent to 38,198 units in March 2005, compared to 38,139 units in February 2005.

MLS® actual sales for the first quarter of 2005, at 103,971 units, were down 3.5 per cent from the same period in 2004.

Sales of existing homes in 2004 reached a record level for a fourth consecutive year, thanks to strong demand due to low interest rates and a strong labour market.

MLS® new listings fall slightly

Seasonally adjusted MLS® new listings in March 2005 were down 0.2 per cent to 61,303 units, compared to 61,443 units in the previous month.

Actual new listings for the first quarter of 2005 were up 3.5 per cent over the same period in 2004. In 2004, new listings grew 9.8 per cent to 727,253 units, a level not seen since 1992.

Sellers' market conditions across Canada continue to support strong growth in house prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio. New listings are a gauge of supply in the existing home market, while MLS® sales are used as a proxy for demand.

Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally

Sellers' market continues to support rising house prices

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

continued on page 3...

rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

The sales-to-new-listings ratio for Canada remained in sellers' market territory in March 2005, at about 62 per cent. The average MLS® price for existing homes across Canada increased at an annualized rate of 8.5 per cent in the first quarter of 2005 compared to the same period in 2004.

Economic conditions

In April, employment increased slightly by an estimated 29,000 jobs. Full-time employment was up by 49,600 jobs, while part-time employment decreased. The sectors that saw substantial growth in April were educational services (29,000 jobs), the construction sector (26,000 jobs), the professional, scientific and technical services (23,000 jobs), and public administration (23,000 jobs).

The unemployment rate edged down 0.1 percentage point to 6.8 per cent in April, the lowest level since December 2000.

Employment in April 2005 was up 1.3 per cent compared to a year ago.

The seasonally adjusted employment-to-population ratio remains close to record peak levels. In other words, a near record share of Canadians are employed, thus helping to boost consumer confidence and support strong demand for housing.

The Bank of Canada left its target for the overnight lending rate unchanged at 2.5 per cent on May 26th, following similar decisions on April 12th and March 1st. Core inflation remains slightly below the two per cent target, however, it has been creeping higher in recent months. As economic growth strengthens in the second half of the year, interest rates are likely to move higher. Economic growth is expected to come primarily from strength in domestic demand. Mortgage rates have remained low and have helped keep the financing costs of buying a home down.

The year-over-year increase in the price of new homes, measured by the New Housing Price index (NHPI), slowed to 5.1 per cent in March 2005, the lowest rate since March 2004. Strong demand for housing, higher building material and labour costs, as well as increasing land values, contributed to the increase in house prices.

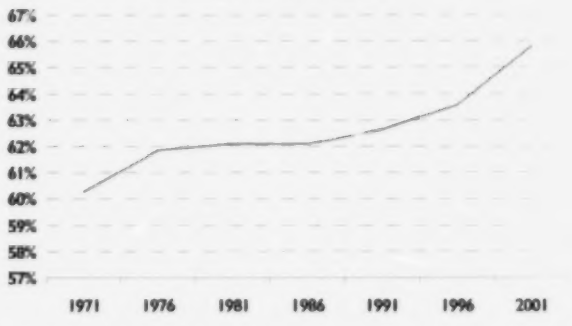
In April, the price of goods and services included in the Consumer Price Index (CPI) basket increased 2.4 per cent compared to April 2004. The increase was mainly due to higher gasoline prices, homeowners' replacement cost, restaurant meal prices, property taxes and fuel oil prices. These increases were restrained by lower prices for computer equipment and supplies, women's clothing and traveller accommodations. ■

Demographics and their contribution to the housing market

Household growth was strongest for households aged 45 and older between 1996 and 2001. Since only a small share of households in this age group are renters, growth in this segment of the population has contributed to the rise in home ownership rates.

- According to the Census of Canada, the ownership rate (the share of Canadian households that own their home) increased by 3.5 per cent between 1996 and 2001, faster than in previous census periods.
- The rise in ownership rates implies that the share of households that rent is decreasing. In other words, growth in rental demand has not kept up with the growth in homeownership demand.

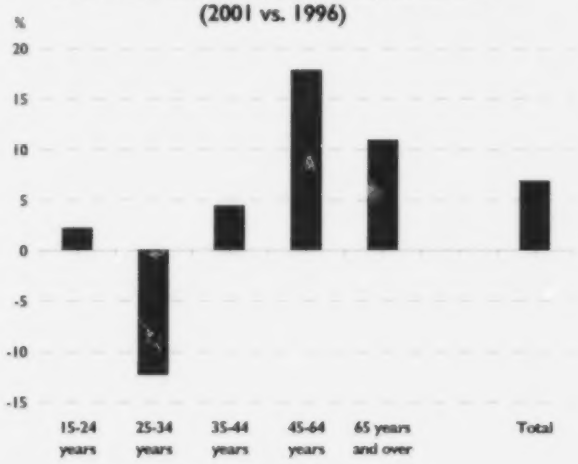
Canadian Ownership Rates



Sources: CMHC, adapted from Statistics Canada (Census)

- Positive economic factors over the past few years have helped boost demand for homeownership, thus stimulating residential construction activity. Low mortgage rates have kept the carrying cost of a mortgage down despite solid price gains. Strong employment growth, particularly in full time jobs has boosted income and has contributed to solid consumer confidence.
- However, these positive economic factors are not solely responsible for the strong Canadian housing market. Indeed, demographic factors have also played a significant role.
- A key demographic trend is the strong household growth in older age groups. Between the 1996 and 2001 census, the fastest growing segment of Canadian households was the 45 year and over age group. According to the 2001 Census, only a small proportion of households aged 45 years and older were renters, that is, less than 30 per cent. On the other hand, the highest propensity to rent is in households aged 34 and under. In fact, 83 per cent of households under the age of 25 were renters while 53 per cent of households between the age of 25 and 34 were renters. However, growth in these younger households was weak between 1996 and 2001.

Household Growth by Age Group in Canada (2001 vs. 1996)



Sources: CMHC and Statistics Canada (Census 2001)

- Another key demographic trend is the rising share of young adults living with their parents over the last 20 years. In 2001, 41.1 per cent of Canadians aged 20 to 29 were living with their parents (this was up from 39 per cent in 1996), up sharply from 27.5 per cent 20 years ago. This means that people in this age group contributed less to rental demand than they had in the past. In other words, more people in this age group enter the rental market at an older age and in some cases go directly to the homeownership market.
- The changing age structure of the Canadian population has a significant impact on home tenure. As the largest segment of the population, the baby boomers, continues to enter into the 45 year and older age category, we expect to see continued growth in ownership housing demand.■

Wood Buffalo's economy fuelling on high octane

Canada has become a key producer of crude oil thanks in part to the huge reserves in the Northern Alberta oilsands and to the technological improvements, which have helped lower the cost of extracting oil in this area. Due to strong demand and high prices for oil, economic activity in the Regional Municipality of Wood Buffalo (RMWB), a community at the heart of the oilsands, is booming. The arrival of numerous oilsands workers in recent years has drastically changed the face of housing in Alberta's north-east.

The significant oil reserves in the regional municipality of Wood Buffalo in Alberta have made it one of the fastest growing centres in Canada

- Alberta sits on currently established recoverable oil reserves of 177 billion barrels, eight times the total reserves of the United States. This number jumps to over 300 billion barrels if we consider the total reserve of the Athabasca oilsands deposit, making it the biggest oil deposit in the world, ahead of Saudi Arabia. This reservoir of economic wealth has brought investment and workers in large numbers to northern Alberta in recent years. The arrival of these numerous workers has, in turn, had a huge impact on housing demand throughout the Wood Buffalo region.
- The government of Alberta has identified 62 major investment projects in the RMWB, worth a total of $60.8 billion. Of these, 32 projects (worth $59.3 billion) are directly related to the oilsands. The major investors in the region are Syncrude, with a total of $11.6 billion in investment projects, Suncor, with an additional $5.9 billion, and Albian Sands, who just built its $5.7 billion Athabasca Oil Sands project. Canadian Natural Resources Limited (CNRL) announced their Horizon project earlier this year that will bring an additional investment of $10 billion to the RMWB region.
- The oilsands are benefiting from high oil prices, but also from technological development in oil recovery techniques allowing additional deposits to become economically recoverable. As an example, the world's first commercial "Steam Assisted Gravity Drainage" (SAGD) project started production in 2002 and today there are already 12 projects worth a total of $10 billion in the RMWB using this technology.
- The Regional Municipality of Wood Buffalo was established in 1995 when the City of Fort McMurray was amalgamated with the surrounding communities. RMWB's population was about 67,105, as of March 2004, and covers an area of 61,565 square kilometers. Fort McMurray is the largest community in the RMWB with a population of about 56,111. Other communities within RMWB account for approximately 3,330 persons, while a shadow population of about 8,000 people live in work camps at Syncrude and Suncor's mine sites.[1]
- The investment of tens of billions of dollars in the oilsands has translated into strong employment growth, bringing an influx of people to the region. The population in the RMWB grew at an average annual rate of 7.5 per cent between 2002 and 2004. In Fort McMurray, which is the urban core of the RMWB, the growth was even stronger, at 9.4 per cent per year. This surpasses the provincial annual population growth rate, which averaged 1.4 per cent annually during the same period.
- The population is expected to continue growing over the next five years and is expected to reach 80,000 by 2010, not including the 10,000 to 15,000 people living in the work camps. This is significant growth for an area whose population was barely over 50,000 in 2002, and under 40,000 in 1999.

continued on page 6....

[1] These numbers are from the 2004 RMWB census — http://www.woodbuffalo.ab.ca

continued: Wood Buffalo's economy fuelling on high octane

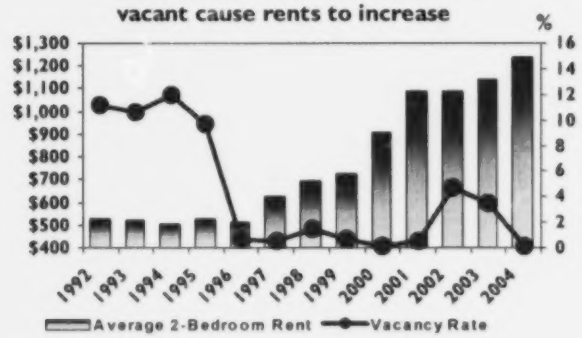
- Fort McMurray's labour market is reflected in the city's demographic profile, as the typical oilsands worker is a young male. RMWB's population is predominantly male (57 per cent compared to 49 per cent across the country). The proportion of the population aged 65 and older is less than two percent while the proportion of people aged 55 and older is less than eight per cent. This compares to 13 and 23 per cent, respectively, for all of Canada. The median age of RMWB residents is 31.0 years of age compared to 37.6 years of age for Canada.

The rapid growth in Wood Buffalo has put housing in short supply

Wood Buffalo has the second lowest rental vacancy rate in Canada

- A considerable proportion of Wood Buffalo's population is transient. A quarter of its residents arrived less than two years ago. For those planning to stay for a short period of time, or those who are not sure yet of the duration of their stay, the rental market is a natural choice of housing tenure. The lack of supply of existing and new homes for sale has also boosted rental demand because it limits the potential for renter households to jump into homeownership. As a result, the vacancy rate in Wood Buffalo is low and rents are relatively high.

Wood Buffalo - Few rental units left vacant cause rents to increase



- Due to the addition of many new rental units, vacancy rates had climbed in 2002 and 2003. However, nearly all of these units were absorbed in 2004 and the vacancy rate declined to under half of one per cent. Vacancy rates will remain low in the area until new rental units are built.
- According to the results of CMHC's 2004 Rental Market Survey conducted in October, the RMWB now boasts the second lowest vacancy rate in the country at 0.2 per cent, down from 3.5 per cent a year earlier. Tight vacancies have led to strong increases in average rent. The average two-bedroom apartment rent rose nine per cent in 2004 to $1,242 per month. As a result, RMWB has the second highest average rent for a two-bedroom apartment among all urban areas in the country. In 2004, only Yellowknife's rents were more expensive. The monthly rents for two-bedroom apartments in Toronto and Vancouver were lower at $1,052 and $984, respectively. With average two-bedroom rents forecast to reach $1,325 in 2005, Wood Buffalo will likely post the highest rents nation-wide next year.

Sellers' market conditions lead to significant price gains for existing home

- By September of 2004, MLS® sales in the RMWB had already surpassed the previous year's total, setting a new record. Sales exceeded 1,500 units in 2004, an increase of 52 per cent over 2003. Between January and April of 2005, more than 500 sales have been registered by the Fort McMurray Real Estate Board, an increase of 30 per cent compared to the same period in 2004[2]. By contrast, new listings rose by 8 per cent in the first four months of the year compared to the same period last year. Because sales are growing more rapidly than new listings, the inventory of existing homes for sale is being depleted.

Source : CMHC

[2] All resale market data are provided by the Fort McMurray Real Estate Board

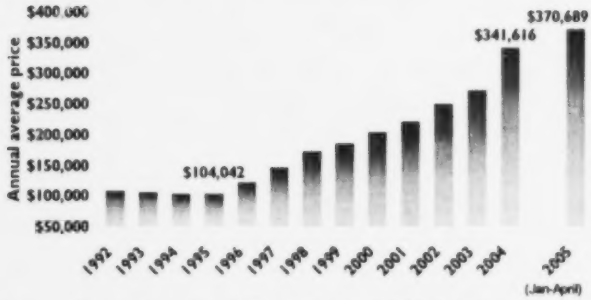
continued on page 7....

continued: Wood Buffalo's economy fuelling on high octane

Therefore, while demand conditions will remain favourable, sales will be hard-pressed to establish a new record in 2005 due to a lack of listings.

- After accounting for seasonal factors, the inventory of units for sale at the end of April 2005 was at its lowest level since 1988, with only 136 units available. This compares to a peak of 302 units in June 2004. With sales growing by 30 per cent and a diminishing inventory, the sales-to-active-listings ratio has increased, creating sellers' market conditions in the RMWB, a fact that has been reflected in the rapid increase in the average price of existing homes, which averaged $297,329 from January through April 2005. This is an increase of 32 per cent over the same period in 2004. For single-detached dwellings, prices averaged $370,689 from January to April, up 30 per cent from the previous year.

Wood Buffalo – Single-detached average MLS® Price Growth of 25 % in 2004



Sources: Fort McMurray Real Estate Board, CMHC Calculation

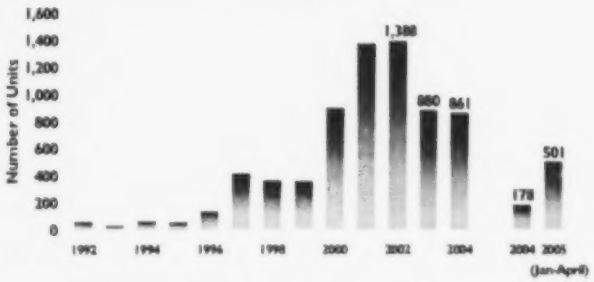
- The market is even tighter in the multiple-family segment, which includes row and semi-detached homes and apartments. Average prices for these units reached $240,401 in the first four months of the year, an increase of 45 per cent year-over-year. Multi-family units have been sought after by many households who are looking for a less expensive alternative to single-detached homes. As a result, the inventory of existing multiple family dwellings for sale through MLS® was depleted to only 23 listings at the end of April. This compares to average monthly sales of 35 units.

Shortages of labour and available land will constrain growth in housing starts

- While demand for new homes will also remain strong, single-detached starts will be limited by factors such as lot and labour availability. Thus, the number of single detached starts will remain near 500 units in 2005. In 2006, as the city plans to release more land, there is potential for the number of single starts to increase, however, the limited supply of labour will constrain the growth in new construction.
- Total housing starts in Fort McMurray reached 501 units in the first four months of 2005, almost three times as much as in the same period in 2004. Both single-family and multi-family dwellings contributed to this growth. 183 single-family houses have been started in the first four months of 2005, 81 per cent more than during the same four months in 2004.
- The increase in housing starts this year is even more pronounced in the multi-family market than in the single-detached market. Major projects pushed the number of multi-family starts to 318 from January to April, up significantly from the 77 units started in the

continued on page 8....

Wood Buffalo - Housing Starts
Multiples will be the major source of the growth in 2005



Source : CMHC

continued: Wood Buffalo's economy fuelling on high octane

same period last year – in fact higher than the yearly total for 2004.

- Multi-unit starts (semi-detached, row and apartment units) in RMWB averaged 520 units annually during the 3-year period from 2000 to 2002, with activity peaking in 2002 at 626 units. This compares to a total of 178 units over the entire decade of the 1990's, which works out to less than 20 units a year on average. This robust level of multiple starts drove rental apartment vacancies upward to a cyclical peak of 4.7 per cent in October 2002. As a response to the rising apartment vacancies, multiple starts declined to 383 units in 2003 and to 271 units in 2004.
- With current and upcoming investment projects in the oilsands, we can expect the level of economic activity and housing demand to remain particularly high in Fort McMurray in the next few years. February 10th's announcement that Canadian Natural Resources Limited is proceeding with its multi-$billion Horizon mega-project is only going to add fuel to this fire. ■

Contributors: Charles Fortin Julie Taylor Bob Dugan

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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This Month's Housing Data (SAAR)

	2004	Q3:04	Q4:04	Q1:05	M02:05	M03:05	M04:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**236.3**	**236.9**	**213.3**	**218.1**	**218.4**	**230.4**
Per cent change from previous period	6.9	1.7	0.3	-10.0	7.1	0.1	5.5
Canada. Total. Rural areas	**29.0**	**32.7**	**30.4**	**28.7**	**28.7**	**28.7**	**30.0**
Per cent change from previous period	9.5	38.0	-7.0	-5.6	0.0	0.0	4.5
Canada. Total. Urban areas	**204.4**	**203.6**	**206.5**	**184.6**	**189.4**	**189.7**	**200.4**
Per cent change from previous period	6.5	-2.4	1.4	-10.6	8.2	0.2	5.6
Canada. Single. Urban areas	**103.9**	**105.2**	**102.5**	**93.4**	**94.5**	**93.1**	**96.0**
Per cent change from previous period	3.6	0.3	-2.6	-8.9	1.8	-1.5	3.1
Canada. Multiple. Urban areas	**100.5**	**98.4**	**104.0**	**91.2**	**94.9**	**96.6**	**104.4**
Per cent change from previous period	9.7	-5.2	5.7	-12.3	15.5	1.8	8.1
Newfoundland. Total. All areas	**2.9**	**2.9**	**2.9**	**3.1**	**3.9**	**2.7**	**1.6**
Per cent change from previous period	6.6	3.6	0.0	6.9	39.3	-30.8	-40.7
Prince Edward Island. Total. All areas	**0.9**	**0.8**	**0.7**	**1.5**	**1.3**	**1.3**	**0.5**
Per cent change from previous period	12.9	-27.3	-12.5	114.3	-27.8	0.0	-61.5
Nova Scotia. Total. All areas	**4.7**	**4.9**	**4.7**	**4.0**	**4.2**	**3.6**	**6.6**
Per cent change from previous period	-7.4	16.7	-4.1	-14.9	0.0	-14.3	83.3
New Brunswick. Total. All areas	**3.9**	**4.3**	**4.0**	**3.2**	**3.0**	**3.9**	**3.6**
Per cent change from previous period	-12.1	4.9	-7.0	-20.0	11.1	30.0	-7.7
Quebec. Total. All areas	**58.4**	**60.5**	**60.6**	**55.1**	**56.2**	**52.1**	**57.6**
Per cent change from previous period	16.2	10.4	0.2	-9.1	-1.4	-7.3	10.6
Ontario. Total. All areas	**85.1**	**85.8**	**84.4**	**71.3**	**73.9**	**72.3**	**81.5**
Per cent change from previous period	-0.1	-2.3	-1.6	-15.5	9.2	-2.2	12.7
Manitoba. Total. All areas	**4.4**	**5.7**	**4.0**	**4.3**	**4.0**	**5.2**	**4.1**
Per cent change from previous period	5.6	35.7	-29.8	7.5	5.3	30.0	-21.2
Saskatchewan. Total. All areas	**3.8**	**3.2**	**4.2**	**2.5**	**2.5**	**2.2**	**2.7**
Per cent change from previous period	14.1	-31.9	31.3	-40.5	-10.7	-12.0	22.7
Alberta. Total. All areas	**36.3**	**34.7**	**39.6**	**36.7**	**37.4**	**40.1**	**40.7**
Per cent change from previous period	0.3	1.2	14.1	-7.3	14.7	7.2	1.5
British Columbia. Total. All areas	**32.9**	**33.5**	**31.8**	**31.6**	**31.7**	**35.0**	**31.3**
Per cent change from previous period	25.8	-2.6	-5.1	-0.6	12.0	10.4	-10.6

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q3:04	Q4:04	Q1:05	M02:05	M03:05	M04:05
Canada	204.4	203.6	206.5	184.6	189.4	189.7	200.4
Newfoundland	2.1	2.1	2.2	2.5	3.3	2.1	1.3
Prince Edward Island	0.6	0.5	0.4	1.1	0.9	0.9	0.2
Nova Scotia	3.3	3.5	3.1	2.5	2.7	2.1	5.0
New Brunswick	2.6	3.0	2.5	1.8	1.6	2.5	2.4
Québec	46.7	44.1	49.3	41.6	42.7	38.6	44.9
Ontario	79.9	81.4	77.2	69.4	72.0	70.4	77.2
Manitoba	2.9	3.9	2.6	2.7	2.4	3.6	2.5
Saskatchewan	3.1	2.9	3.3	2.0	2.0	1.7	2.0
Alberta	32.2	30.5	35.6	32.0	32.7	35.4	36.4
British Columbia	30.9	31.7	30.3	29.0	29.1	32.4	28.5

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2004	Q3:04	Q4:04	Q1:05	M02:05	M03:05	M04:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.0	5.7	5.7	5.7	5.7	5.5
Per cent change from same period previous year	9.3	8.3	12.6	12.5	14.0	10.0	6.7
New & unoccupied row & apartments, units 000s	6.7	6.7	8.3	8.8	8.6	9.3	9.5
Per cent change from same period previous year	18.9	18.6	37.1	49.6	51.2	56.4	60.5
New House Price Index, 1997=100	123.2	124.2	125.4	126.5	126.5	127.0	n.a.
Per cent change from same period previous year	5.5	5.9	5.4	5.1	5.1	5.1	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	460.6	451.3	453.1	457.7	458.4	n.a.
Per cent change from same period previous year	6.0	-0.5	0.6	-0.4	4.1	-7.1	n.a.
MLS® average resale price*, $C 000s	226.2	225.8	233.1	238.5	239.0	238.2	n.a.
Per cent change from same period previous year	9.2	7.4	8.1	8.5	8.1	7.5	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.60	4.90	4.88	4.80	5.05	4.90
5-Year Mortgage Rate, % (period average)	6.23	6.38	6.25	6.12	6.05	6.25	6.05

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.

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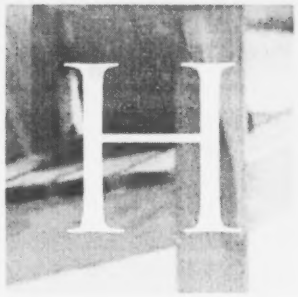

HOUSING NOW

Canada

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Canada Mortgage and Housing Corporation

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JUNE 2005

Canadian Market Overview

New Home Market

Housing starts decrease but remain strong in May

The seasonally adjusted annual rate[1] of housing starts was 218,800 units in May, down 5.0 per cent from 230,400 units in April.

Housing starts remained strong in May and are in line with our expectations for the year. Employment growth, particularly in full-time jobs, in recent years and very low mortgage rates continue to fuel high levels of housing starts. Mortgage rates, which have edged lower in recent weeks, should continue to support residential construction over the coming months.

Urban single starts remain strong in May, while multiples cool

The seasonally adjusted annual rate of urban starts fell by 5.8 per cent to 188,800 units in

continued on page 2...

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Housing Starts in Canada - All Areas*

Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

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HOMES TO CANADIANS

May, due to a decrease in multiple starts. Single starts edged up by 0.2 per cent to 96,200 units, building on April's gain. Multiple starts, on the other hand, were down 11.3 per cent to 92,600 units in May.

Urban starts increased in all regions except Quebec and Ontario

In May, the seasonally adjusted annual rate of urban starts increased by 18.6 per cent in British Columbia, 11.2 per cent in the Atlantic provinces, and 8.8 per cent in the Prairies. However, a 23.2 per cent decrease in starts in Quebec and 14.4 per cent decrease in Ontario more than offset the gains in the rest of the country.

Rural starts in May were estimated at a seasonally adjusted annual rate of 30,000 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first five months of 2005, actual urban starts were 7.0 per cent lower than in the same period in 2004. Year-to-date single starts fell 10.4 per cent, and multiple starts eased 3.5 per cent compared to the same period last year.

Across the regions, on a year-to-date basis, actual urban starts were up in the Prairies (10.7 per cent) and the Atlantic (1.5 per cent), while Quebec (16.9 per cent), Ontario (10.9 per cent), and British Columbia (3.5 per cent) saw year-to-date declines.

Existing Home Market

MLS® sales remain strong in April

Seasonally adjusted MLS® (Multiple Listings Service) sales were up a strong 4.2 per cent to 40,140 units in April 2005, compared to 38,507 units in March 2005.

MLS® actual sales for the first four months of 2005, at 152,837 units, were down 2.6 per cent from the same period in 2004.

MLS® new listings were up in April

Seasonally adjusted MLS® new listings in April 2005 increased by 7.1 per cent to 65,417 units, compared to 61,100 units in the previous month.

Actual new listings for the first fourth months of 2005 were up 4.9 per cent over the same period in 2004.

Sellers' market conditions across Canada continue to support strong growth in house prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[1]. New listings are a gauge of supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada remained in sellers' market territory in April 2005, at about 61 per cent. The Canada-wide average MLS® price increased by 8.5 per cent in the first four months of 2005 compared to the same period in 2004.

Sellers' market continues to support rising house prices

— Sales-to-new-listings, Canada, % (left axis) - - - MLS® price, $ (right axis)

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

continued on page 3...

[1] Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

Economic conditions

In May, employment increased by 35,000 jobs. This followed an increase of 29,000 jobs in April. Both full-time employment (23,000 jobs) and part-time employment (12,000 jobs) contributed to the gain in May. The sectors that saw substantial growth in May were the trade sector (45,000 jobs), the transportation and warehousing sector (25,000 jobs), the business, building and other support services sector (16,000 jobs), the agricultural sector (15,000 jobs), and the natural resources sector (9,000 jobs).

The unemployment rate was unchanged at 6.8 per cent in May, the lowest level since December 2000.

Employment in May 2005 was up 1.3 per cent compared to a year ago.

The seasonally adjusted employment-to-population ratio remains close to historical peak levels. In other words, a near record share of Canadians are employed, thus helping to boost consumer confidence and supporting strong demand for housing.

The Bank of Canada left its target for the overnight lending rate unchanged at 2.5 per cent on May 25th, following similar decisions on April 12th and March 1st. Core inflation remains slightly below the two per cent target, however, as economic growth strengthens in the second half of the year, interest rates are likely to move higher. Economic growth is expected to come primarily from consumer spending and business investment, particularly in machinery and equipment.

The year-over-year increase in the price of new homes, measured by the New Housing Price index (NHPI), slowed to 4.9 per cent in April 2005, the lowest rate since February 2004. Strong demand for housing, higher building material and labour costs, as well as increasing land values, contributed to the increase in house prices.

In May, the price of goods and services included in the Consumer Price Index (CPI) basket increased 1.6 per cent compared to May 2004. The increase was mainly due to higher restaurant meal prices, homeowners' replacement cost, property taxes and fuel oil prices. These increases were restrained by lower prices for computer equipment and supplies, gasoline and traveller accommodations. ■

Contributors: Ali Manouchehri Brent Weimer Bob Dugan Julie Taylor

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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Product # 63830-2005-06

Mortgage consumers and their preferences

CMHC's Mortgage Consumer Survey paints a picture of the attitudes and behaviours of Canadian mortgage consumers.

The 2004 CMHC Mortgage Consumer Survey provides a unique insight into the attitudes and behaviours of Canadian mortgage consumers. The survey examines a variety of topics such as the sources used by mortgage consumers to gather information. The survey also sheds light on their shopping behaviours when acquiring or renewing a mortgage.

According to the survey:

- The majority of mortgage consumers relied on other people such as their present lender, family and friends, real estate agents, and mortgage brokers when looking for information about mortgages. Another important source was the internet. Nearly half of purchasers (48 per cent) used the internet for gathering mortgage information, while 35 per cent of refinance consumers and 31 per cent of renewers used the internet as a mortgage information source.
- Although nearly two-thirds of purchasers checked competitive lending rates, 42 per cent checked services offered by different lenders and 40 per cent said they shopped around to get several quotes. Mortgage rates were the key element consumers considered when selecting a mortgage lender; flexibility in mortgage terms (i.e. pre-payment options etc.) was also a key consideration. Two-thirds of purchasers obtained a pre-approved mortgage and about half of the mortgage consumers obtained other financial products and services such as lines of credit or disability, life or property insurance when obtaining their mortgage.
- In 2004, only 14 per cent of homeowners switched lenders when renewing their mortgage, even though 35 per cent had expressed an intention to switch prior to renewal. First-time buyers show less loyalty to their existing financial institution when looking for a mortgage. Among first-time buyers, 46 per cent obtained their mortgage from a lending institution other then the one they dealt with prior to buying a home.
- About one-in-four consumers buying a home (26 per cent) used the services of a mortgage broker to arrange their home financing. First-time buyers show a slightly higher tendency to use brokers with almost one-in-three (32 per cent) relying on a broker when getting a mortgage. Homeowners renewing or refinancing a mortgage are less likely to use a mortgage broker. Indeed, brokers handled only 16 per cent of mortgages that were refinanced and a mere six per cent of mortgage renewals. ■

	2003	2004
Share of respondents who used the internet as an information source:		
House purchaser	44%	48%
Mortgage renewers	27%	31%
Mortgage refinance	n.a.	35%
Shopping Behaviour		
Share of consumers who:		
Checked competitive rates	58%	64%
Got information from different lenders	44%	42%
Shopped around to get several offers	51%	40%
Share of homeowners who intended to not renew with current lender	37%	35%
Share of homeowners who did not renew with current lender	13%	14%
Share of first time buyers that intended to switch financial institutions	56%	53%
Share of first time buyers who switched financial institutions	31%	46%
Share of mortgage consumers that used brokers:		
All purchasers	26%	26%
First time buyers	30%	32%
Repeat buyers	22%	20%
Refinancers	15%	16%
Renewers	9%	6%

Source: CMHC Mortgage Consumer Survey 2004

MORTGAGE LENDING

ACTIVE HOUSING MARKETS HELP LIFT MORTGAGE LENDING

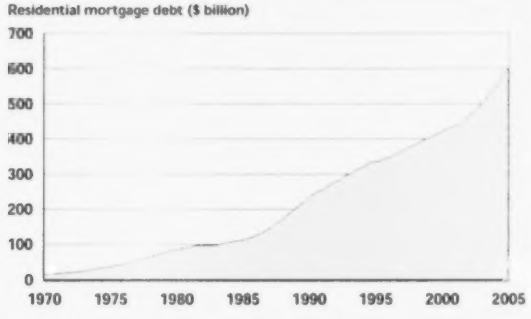
By: Ali Manouchehri, Senior Economist, Capital Markets

Residential mortgage credit grew by 9.9 per cent in the first quarter of 2005 compared to the same period last year, to surpass the $600 billion mark as mortgage rates declined and housing markets marched on.

Lower mortgage rates, appreciating house prices, rising employment and growth in disposable income supported mortgage credit growth in the opening quarter of 2005.

The strong housing markets along with refinancings and loan consolidations led to a 1.4 per cent growth in mortgage credit in the first quarter of 2005 over the previous quarter. Although this is below the average quarterly growth rate of 2.6 per cent experienced since 1970, when comparing to the same period last year, residential mortgage credit grew by 9.9 per cent in the first quarter of 2005, to surpass $600 billion.

Residential mortgage debt has increased more than five-fold since 1980

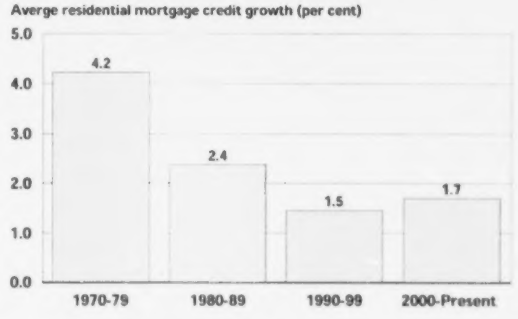


Sources: CMHC, Statistics Canada, Bank of Canada

Low mortgage rates set the tone

Posted mortgage rates in the first quarter of 2005 were the second lowest in 53 years. Low mortgage rates bode well for housing and mortgage markets since they lead to lower borrowing costs, and increase home building and selling activities. Additionally, low mortgage rates have likely fostered loan consolidations and discouraged mortgage prepayment, further supporting residential mortgage credit growth in the first quarter of 2005.

Residential mortgage credit has picked up more steam since 2000



Sources: CMHC, Statistics Canada, Bank of Canada

Mortgage rates have been the second lowest in five decades

Sources: CMHC, Statistics Canada, Bank of Canada

A strong market for existing homes helps raise mortgage credit

Home sales are an immediate driver of new mortgage loans. Prices for existing homes sold through MLS® rose 8.5 per cent in the first quarter of 2005 compared to the same period in

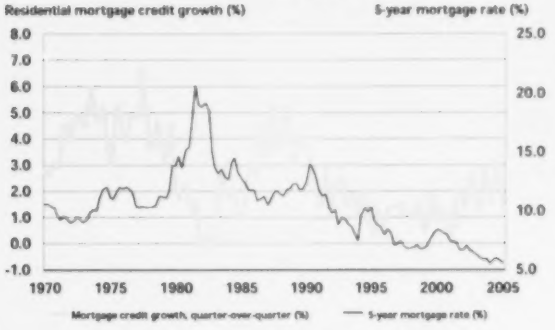
continued on page 6...

MORTGAGE LENDING

continued:ACTIVE HOUSING MARKETS HELP LIFT MORTGAGE LENDING

2004, to more than compensate for a 0.4 per cent decline in units sold, aiding mortgage credit growth.

Low mortgage rates bode well for growth in residential mortgage credit



Sources: CMHC, Statistics Canada, Bank of Canada

New homes market contributes too

Rising prices for new homes and housing starts have also contributed to mortgage credit growth because they generally lead to new and larger mortgages than those associated with the purchase of existing homes.

New home completions fell 6.0 per cent in the first quarter of 2005 compared to a year ago, while the New House Price Index rose 5.1 per cent over the same period. The rise in new home prices likely maintained the rising trend in the size of the average mortgage loan and aided mortgage credit growth.

Mortgage market shares remain virtually intact

Trends in market share by institution type continued with chartered banks accounting for 72.5 per cent of the mortgage loans outstanding in the first quarter of 2005, unchanged from a year earlier. Caisses and credit unions retained their second place position, accounting for 15.9 per cent of residential mortgage loans outstanding, compared to 15.6 per cent in the first quarter of 2004. ■

MARKET SHARE OF RESIDENTIAL MORTGAGE CREDIT (%) *

	1Q04	2Q04	3Q04	4Q04	1Q05e
Banks	72.5	72.4	72.5	72.6	72.5
Trusts	1.4	1.4	1.4	1.4	1.4
Caisses & Cr. Unions	15.6	15.7	15.8	15.8	15.9
Life Ins. Co.	3.3	3.2	3.1	3.1	3.1
Pension Funds	2.0	2.0	2.0	2.0	2.0
Others **	5.3	5.3	5.2	5.1	5.1

* Excludes Special Purpose Vehicles and NHA MBS

** Includes non-depository credit intermediaries

e: estimate

Sources: CMHC, Bank of Canada, Statistics Canada

INDICATORS OF MORTGAGE LENDING ACTIVITY

MORTGAGE CREDIT OUTSTANDING ($MILLIONS)*

	2002	2003	2004	1Q04	2Q04	3Q04	4Q04	1Q05e
Banks	306,748	329,679	352,527	341,085	346,652	356,543	365,828	367,406
Trusts	5,505	5,989	6,777	6,436	6,681	6,953	7,038	7,108
Caisse & Cr. Unions	63,403	69,144	76,589	73,437	75,315	77,858	79,745	80,774
Life Ins. Co.	16,755	15,797	15,455	15,496	15,390	15,404	15,532	15,542
Pension Funds	9,037	9,133	9,587	9,238	9,480	9,749	9,883	10,004
Others **	23,700	24,226	25,252	24,789	25,189	25,408	25,622	26,040
Special Purpose Vehicles	15,002	14,560	13,662	13,645	13,563	13,844	13,597	13,486
NHA MBS (CMHC)	39,318	49,850	68,471	61,887	66,110	71,005	74,884	79,777
TOTAL	479,468	518,378	568,322	546,013	558,380	576,766	592,129	600,137
% change (year-over-year)	7.4	8.1	9.6	8.9	9.5	9.9	10.1	9.9

* Average for the period, unadjusted

** Includes non-depository credit intermediaries

e: estimate

Sources: CMHC, Bank of Canada, Statistics Canada

MORTGAGE RATES (%)*

	2002	2003	2004	1Q04	2Q04	3Q04	4Q04	1Q05
1-year	5.17	4.84	4.59	4.30	4.57	4.60	4.90	4.88
3-year	6.28	5.82	5.65	5.23	5.82	5.80	5.75	5.68
5-year	7.02	6.39	6.23	5.85	6.45	6.38	6.25	6.12

* Average of period

Sources: CMHC, Bank of Canada, Statistics Canada

NHA AND CONVENTIONAL MORTGAGE LOANS APPROVED*

		2002	2003	4Q03	1Q04	2Q04	3Q04	4Q04
By Type of Lender								
Banks	$ millions	97,527	114,364	26,790	25,463	35,086	34,160	27,482
	Units	825,115	878,923	200,369	195,565	269,356	249,423	199,141
Trusts	$ millions	3,840	4,083	1,127	1,173	1,338	1,251	1,012
	Units	36,346	37,580	9,723	10,094	10,871	10,224	7,939
Life Ins. & Others	$ millions	18,946	19,441	4,845	5,843	7,167	5,704	5,001
	Units	192,982	192,766	47,325	56,045	70,655	53,271	45,181
TOTAL	$ millions	120,313	137,888	32,762	32,479	43,591	41,115	33,495
	Units	1,054,443	1,109,269	257,417	261,704	350,882	312,918	252,261

* Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.

Source: CMHC NHA loan approval system and Conventional Lending Survey

This Month's Housing Data (SAAR)

	2004	Q3:04	Q4:04	Q1:05	M3:05	M4:05	M5:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**236.3**	**236.9**	**213.3**	**218.4**	**230.4**	**218.8**
Per cent change from previous period	6.9	1.7	0.3	-10.0	0.1	5.5	-5.0
Canada. Total. Rural areas	**29.0**	**32.7**	**30.4**	**28.7**	**28.7**	**30.0**	**30.0**
Per cent change from previous period	9.5	38.0	-7.0	-5.6	0.0	4.5	0.0
Canada. Total. Urban areas	**204.4**	**203.6**	**206.5**	**184.6**	**189.7**	**200.4**	**188.8**
Per cent change from previous period	6.5	-2.4	1.4	-10.6	0.2	5.6	-5.8
Canada. Single. Urban areas	**103.9**	**105.2**	**102.5**	**93.4**	**93.1**	**96.0**	**96.2**
Per cent change from previous period	3.6	0.3	-2.6	-8.9	-1.5	3.1	0.2
Canada. Multiple. Urban areas	**100.5**	**98.4**	**104.0**	**91.2**	**96.6**	**104.4**	**92.6**
Per cent change from previous period	9.7	-5.2	5.7	-12.3	1.8	8.1	-11.3
Newfoundland. Total. All areas	**2.9**	**2.9**	**2.9**	**3.1**	**2.7**	**1.6**	**2.1**
Per cent change from previous period	6.6	3.6	0.0	6.9	-30.8	-40.7	31.3
Prince Edward Island. Total. All areas	**0.9**	**0.8**	**0.7**	**1.5**	**1.3**	**0.5**	**1.1**
Per cent change from previous period	12.9	-27.3	-12.5	114.3	0.0	-61.5	120.0
Nova Scotia. Total. All areas	**4.7**	**4.9**	**4.7**	**4.0**	**3.6**	**6.6**	**5.6**
Per cent change from previous period	-7.4	16.7	-4.1	-14.9	-14.3	83.3	-15.2
New Brunswick. Total. All areas	**3.9**	**4.3**	**4.0**	**3.2**	**3.9**	**3.6**	**4.5**
Per cent change from previous period	-12.1	4.9	-7.0	-20.0	30.0	-7.7	25.0
Quebec. Total. All areas	**58.4**	**60.5**	**60.6**	**55.1**	**52.1**	**57.6**	**47.2**
Per cent change from previous period	16.2	10.4	0.2	-9.1	-7.3	10.6	-18.1
Ontario. Total. All areas	**85.1**	**85.8**	**84.4**	**71.3**	**72.3**	**81.5**	**70.4**
Per cent change from previous period	-0.1	-2.3	-1.6	-15.5	-2.2	12.7	-13.6
Manitoba. Total. All areas	**4.4**	**5.7**	**4.0**	**4.3**	**5.2**	**4.1**	**3.8**
Per cent change from previous period	5.6	35.7	-29.8	7.5	30.0	-21.2	-7.3
Saskatchewan. Total. All areas	**3.8**	**3.2**	**4.2**	**2.5**	**2.2**	**2.7**	**2.9**
Per cent change from previous period	14.1	-31.9	31.3	-40.5	-12.0	22.7	7.4
Alberta. Total. All areas	**36.3**	**34.7**	**39.6**	**36.7**	**40.1**	**40.7**	**44.4**
Per cent change from previous period	0.3	1.2	14.1	-7.3	7.2	1.5	9.1
British Columbia. Total. All areas	**32.9**	**33.5**	**31.8**	**31.6**	**35.0**	**31.3**	**36.6**
Per cent change from previous period	25.8	-2.6	-5.1	-0.6	10.4	-10.6	16.9

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q3:04	Q4:04	Q1:05	M3:05	M4:05	M5:05
Canada	204.4	203.6	206.5	184.6	189.7	200.4	188.8
Newfoundland	2.1	2.1	2.2	2.5	2.1	1.3	1.8
Prince Edward Island	0.6	0.5	0.4	1.1	0.9	0.2	0.8
Nova Scotia	3.3	3.5	3.1	2.5	2.1	5.0	4.0
New Brunswick	2.6	3.0	2.5	1.8	2.5	2.4	3.3
Québec	46.7	44.1	49.3	41.6	38.6	44.9	34.5
Ontario	79.9	81.4	77.2	69.4	70.4	77.2	66.1
Manitoba	2.9	3.9	2.6	2.7	3.6	2.5	2.2
Saskatchewan	3.1	2.9	3.3	2.0	1.7	2.0	2.2
Alberta	32.2	30.5	35.6	32.0	35.4	36.4	40.1
British Columbia	30.9	31.7	30.3	29.0	32.4	28.5	33.8

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2004	Q3:04	Q4:04	Q1:05	M3:05	M4:05	M5:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.0	5.7	5.7	5.7	5.5	5.5
Per cent change from same period previous year	9.3	8.3	12.6	12.5	10.0	6.7	3.7
New & unoccupied row & apartments, units 000s	6.7	6.7	8.3	8.8	9.3	9.5	9.3
Per cent change from same period previous year	18.9	18.6	37.1	49.6	56.4	60.5	62.1
New House Price Index, 1997=100	123.2	124.2	125.4	126.5	127.0	127.7	n.a.
Per cent change from same period previous year	5.5	5.9	5.4	5.1	5.1	4.9	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	460.6	451.3	453.1	462.1	481.7	n.a.
Per cent change from same period previous year	6.0	-0.5	0.6	-0.4	-6.4	-0.7	n.a.
MLS® average resale price*, $C 000s	226.2	225.8	233.1	238.5	240.4	242.2	n.a.
Per cent change from same period previous year	9.2	7.4	8.1	8.5	8.5	7.6	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.60	4.90	4.88	5.05	4.90	4.85
5-Year Mortgage Rate, % (period average)	6.23	6.38	6.25	6.12	6.25	6.05	5.95

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.

NHA MBS Statistics

NHA MORTGAGE-BACKED SECURITIES
(Average of period except when indicated)

		2003	2004	1Q04	2Q04	3Q04	4Q04	1Q05
OUTSTANDING AMOUNT (End of period)								
TOTAL	$million	59,757	78,612	64,880	69,167	73,903	78,612	82,788
	Units	1,163	1,602	1,227	1,334	1,479	1,602	1,753
Residential, single (with PIP *)	$million	1,165	1,669	1,245	1,428	1,633	1,669	1,665
	Units	132	151	133	140	150	151	151
Residential, single (no PIP)	$million	91	18	72	46	33	18	16
	Units	75	37	68	60	49	37	33
Residential, single (no PIP with indemnity)	$million	16,813	16,500	17,598	16,440	16,044	16,500	16,788
	Units	287	346	294	309	327	346	371
Residential, single (no PIP with indemnity, 5-year)	$million	31,029	45,106	34,702	38,430	41,365	45,106	48,486
	Units	268	613	323	404	508	613	736
Residential, multiple	$million	2,253	2,233	2,265	2,267	2,226	2,233	2,209
	Units	144	147	146	148	148	147	144
Social Housing	$million	4,591	4,373	4,549	4,551	4,491	4,373	4,173
	Units	93	85	91	90	88	85	82
Mixed	$million	2,299	2,578	2,386	2,476	2,530	2,578	2,580
	Units	157	172	162	162	167	172	176
Variable rate	$million	1,516	6,135	2,063	3,529	5,581	6,135	6,871
	Units	7	51	10	21	42	51	60
ISSUES (Total of period)								
TOTAL	$million	32,702	37,713	8,954	9,681	9,642	9,436	8,035
	Units	348	594	105	143	187	159	176
Residential, single (with PIP)	$million	532	910	206	304	296	104	56
	Units	33	49	9	15	19	6	4
Residential, single (no PIP)	$million	0	0	0	0	0	0	0
	Units	0	0	0	0	0	0	0
Residential, single (no PIP with indemnity)	$million	5,922	6,705	2,480	1,267	1,255	1,703	1,224
	Units	75	106	27	23	28	28	30
Residential, single (no PIP with indemnity, 5-year)	$million	23,471	23,722	5,447	6,186	5,532	6,558	5,621
	Units	178	346	55	81	105	105	125
Residential, multiple	$million	481	181	43	97	5	35	0
	Units	25	10	3	4	1	2	0
Social Housing	$million	194	244	23	45	132	44	52
	Units	7	8	1	2	4	1	3
Mixed	$million	545	529	148	166	105	110	52
	Units	23	31	7	7	9	8	5
Variable rate	$million	1,557	5,422	607	1,617	2,317	882	1,030
	Units	7	44	3	11	21	9	9
YIELDS (5-year maturity,%)								
MBS Prepayable		4.38	4.26	3.93	4.38	4.42	4.31	4.10
MBS Non-prepayable		4.26	4.09	3.78	4.22	4.25	4.12	3.91
Mortgage rates		6.39	6.23	5.85	6.45	6.38	6.25	6.12
GOCs		4.00	3.82	3.51	3.95	3.97	3.84	3.66
SPREADS OVER GOC (5-year maturity,%)								
Prepayable		0.38	0.44	0.42	0.43	0.45	0.47	0.44
Non-prepayable		0.26	0.28	0.27	0.27	0.29	0.27	0.25
Mortgage rates		2.39	2.42	2.34	2.50	2.42	2.41	2.46

* PIP stands for Penalty Interest Payments.

Sources: CMHC, Bank of Canada, Statistics Canada

NHA MORTGAGE-BACKED SECURITIES
JANUARY TO MARCH 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
Month of Issue: January 2005						
NHA-Insured Market Residential Pools (Single Units)						
964-14834	Alberta Motor Assoc.Insur.Comp	14235873.52	3.88	2010-01-01	5.63	23.20
964-14883	Vancouver City Savings CU	14612160.49	4.25	2009-12-01	4.98	23.19
964-14891	Vancouver City Savings CU	10256294.73	4.2	2009-12-01	4.97	23.40
NHA-Insured Market Residential Pools (Mixed)						
965-02521	Equitable Trust Company (The)	2936625.00	4.15	2012-01-01	4.79	30.00
NHA-Insured Market Residential Pools (Multiple Units)						
966-02412	Peoples Trust Company	5,462,275.00	5.00	2014-07-01	5.88	25.00
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-06216	Cdn.Imperial Bank of Commerce	9,796,787.66	3.70	2009-01-01	6.42	19.68
975-06224	Cdn.Imperial Bank of Commerce	17,864,499.83	3.69	2009-01-01	5.36	22.58
975-06232	Cdn.Imperial Bank of Commerce	6,321,119.32	3.58	2008-08-01	5.37	11.64
975-06240	Cdn.Imperial Bank of Commerce	5,069,867.05	3.57	2008-08-01	5.37	11.20
975-06257	Cdn.Imperial Bank of Commerce	10,756,704.53	3.60	2008-08-01	5.33	19.97
975-06265	Cdn.Imperial Bank of Commerce	5,111,034.70	3.59	2008-08-01	5.66	19.41
975-06273	Cdn.Imperial Bank of Commerce	5,464,035.46	3.31	2007-05-01	4.64	21.59
975-06281	Cdn.Imperial Bank of Commerce	14,735,580.63	3.38	2007-09-01	4.44	22.85
975-06299	Cdn.Imperial Bank of Commerce	5,908,654.25	3.38	2007-09-01	6.68	21.22
975-06307	Cdn.Imperial Bank of Commerce	4,689,228.59	3.40	2007-09-01	4.96	21.04
975-06315	Toronto-Dominion Bank	11,547,797.45	3.60	2008-03-01	5.35	20.68
975-06323	Toronto-Dominion Bank	38,142,105.13	3.70	2008-09-01	4.95	21.77
975-06331	Toronto-Dominion Bank	8,199,228.07	3.65	2008-09-01	5.04	10.97
975-06349	Toronto-Dominion Bank	17,588,034.73	3.70	2008-12-01	4.81	23.14
975-06356	Toronto-Dominion Bank	18,824,687.84	3.75	2008-12-01	4.95	23.25
975-06364	Toronto-Dominion Bank	20,731,950.72	3.80	2009-03-01	5.04	21.87
975-06372	Toronto-Dominion Bank	16,469,970.18	3.75	2009-03-01	5.07	22.20
975-06380	Cdn.Imperial Bank of Commerce	19,044,196.52	3.67	2009-01-01	4.98	21.02
975-06398	Home Trust Company	48,955,795.29	3.75	2010-01-01	6.43	24.15
975-06406	Canada Trust Company	22,883,536.63	3.10	2006-02-01	4.75	9.97
975-06414	Canada Trust Company	5,228,984.18	3.55	2007-09-01	5.26	18.15
975-06422	Canada Trust Company	8,139,656.58	3.15	2006-05-01	5.43	10.96
975-06430	Canada Trust Company	8,104,322.29	3.50	2007-09-01	4.89	10.11
975-06448	Canada Trust Company	7,932,651.39	3.15	2006-05-01	4.84	10.15
975-06455	Canada Trust Company	7,498,703.22	3.50	2007-09-01	4.78	10.68
975-06463	Canada Trust Company	4,015,990.22	3.25	2006-09-01	5.14	17.87
975-06471	Canada Trust Company	14,508,222.41	3.60	2008-03-01	5.14	10.88
975-06489	Canada Trust Company	5,389,967.29	3.30	2006-12-01	4.99	10.43
975-06497	Canada Trust Company	8,193,970.90	3.65	2008-03-01	5.16	17.95
975-06505	Canada Trust Company	5,200,022.17	3.30	2006-12-01	4.57	9.44
975-06513	Canada Trust Company	8,137,331.37	3.65	2008-03-01	5.53	17.40
975-06521	Home Trust Company	36,942,724.14	3.30	2008-01-01	6.62	23.84

*PIP stands for Penalty Interest Payments
Source: CMHC

Definition of NHA MBS pool types

964 - Comprised exclusively of homeowner mortgages, any Penalty Interest Payments (PIP) from early prepayment are passed through to the investor

967 - Comprised exclusively of homeowner mortgages, all Penalty Interest Payments (PIP) from early prepayment are retained by the issuer

970 - Comprised exclusively of homeowner mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core provisions

975 - Comprised exclusively of homeowner mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions (5-year term)

966 - Comprised exclusively multi-family rental mortgages, pools mortgages are closed to prepayment options

990 - Comprised exclusively social housing mortgages, pools and mortgages are closed to prepayment options

965 - Mixed Pools, these pools can be comprised of any of the above types of mortgages

985 - Comprised exclusively of equal monthly payment variable rate homeowner mortgages

NHA MORTGAGE-BACKED SECURITIES
JANUARY TO MARCH 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
Month of Issue: February 2005						
NHA-Insured Market Residential Pools (Single Units)						
964-14909	Vancouver City Savings CU	16,978,931.08	3.80	2010-01-01	4.90	22.51
NHA-Insured Market Residential Pools (Mixed)						
965-02539	Equitable Trust Company (The)	18,707,373.66	4.40	2015-02-01	5.11	24.21
965-02547	Equitable Trust Company (The)	7,761,040.32	3.70	2010-02-01	4.72	23.36
965-02554	Peoples Trust Company	11,628,558.68	3.40	2010-02-01	4.40	23.25
NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)						
970-06001	Cdn.Imperial Bank of Commerce	16,484,090.01	2.78	2005-11-01	7.68	19.81
970-06019	Cdn.Imperial Bank of Commerce	6,753,302.81	2.78	2005-11-01	7.76	10.96
970-06027	Cdn.Imperial Bank of Commerce	20,137,456.95	2.80	2006-01-01	7.65	19.24
970-06035	Cdn.Imperial Bank of Commerce	5,721,921.72	2.80	2006-01-01	7.88	10.41
970-06043	Toronto-Dominion Bank	13,792,354.32	3.45	2007-09-01	4.46	20.92
970-06050	Toronto-Dominion Bank	14,212,619.33	3.60	2008-03-01	5.38	21.28
970-06068	Toronto-Dominion Bank	133,663,947.55	3.15	2008-08-01	5.00	21.28
970-06076	Toronto-Dominion Bank	110,479,500.60	3.70	2009-01-01	4.87	21.84
970-06084	Toronto-Dominion Bank	11,708,250.64	3.30	2007-01-01	4.39	21.87
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-06547	Cdn.Imperial Bank of Commerce	4,569,841.05	3.05	2006-11-01	7.01	19.21
975-06554	Cdn.Imperial Bank of Commerce	7,811,318.14	2.79	2005-12-01	4.53	10.29
975-06562	Cdn.Imperial Bank of Commerce	14,701,503.37	2.80	2006-01-01	5.56	20.55
975-06570	Cdn.Imperial Bank of Commerce	16,632,553.80	3.14	2007-02-01	5.10	22.21
975-06588	Cdn.Imperial Bank of Commerce	4,073,466.10	3.22	2007-05-01	4.14	22.36
975-06596	Cdn.Imperial Bank of Commerce	22,530,607.61	2.82	2006-02-01	4.33	22.96
975-06604	Cdn.Imperial Bank of Commerce	53,647,068.87	3.38	2008-02-01	5.21	22.96
975-06612	Cdn.Imperial Bank of Commerce	4,966,031.07	2.82	2006-02-01	4.60	10.33
975-06620	Cdn.Imperial Bank of Commerce	5,521,471.10	3.38	2008-02-01	5.00	23.00
975-06638	Cdn.Imperial Bank of Commerce	6,375,115.01	2.88	2006-05-01	6.50	20.61
975-06646	Cdn.Imperial Bank of Commerce	5,400,110.98	2.87	2006-05-01	5.52	20.05
975-06653	Cdn.Imperial Bank of Commerce	5,166,631.39	2.95	2006-08-01	6.55	20.99
975-06661	Cdn.Imperial Bank of Commerce	5,720,724.31	3.38	2008-02-01	6.43	21.30
975-06679	Cdn.Imperial Bank of Commerce	5,464,418.20	2.90	2006-08-01	4.02	23.14
975-06687	Cdn.Imperial Bank of Commerce	4,349,420.31	3.36	2008-02-01	5.36	11.82
975-06695	Cdn.Imperial Bank of Commerce	4,775,724.74	2.96	2006-08-01	4.18	20.29
975-06703	Cdn.Imperial Bank of Commerce	19,473,106.95	3.38	2008-02-01	4.72	22.60
975-06711	Cdn.Imperial Bank of Commerce	4,303,726.91	3.06	2006-11-01	6.46	19.96
975-06729	Cdn.Imperial Bank of Commerce	4,290,507.01	3.06	2006-11-01	4.48	23.36
975-06737	Cdn.Imperial Bank of Commerce	5,011,274.19	3.39	2008-02-01	4.81	23.08
975-06745	Cdn.Imperial Bank of Commerce	35,060,412.80	3.50	2008-09-01	4.51	20.98
975-06752	Cdn.Imperial Bank of Commerce	6,527,373.29	3.50	2008-09-01	4.54	12.35
975-06760	Cdn.Imperial Bank of Commerce	12,086,603.30	3.54	2008-09-01	5.28	21.47
975-06778	Cdn.Imperial Bank of Commerce	5,691,782.49	3.50	2008-09-01	4.64	12.55
975-06786	Cdn.Imperial Bank of Commerce	4,052,768.29	3.49	2008-09-01	5.64	21.28
975-06794	Cdn.Imperial Bank of Commerce	5,116,928.88	3.48	2008-09-01	5.46	12.25
975-06802	Cdn.Imperial Bank of Commerce	7,065,865.46	3.54	2008-12-01	4.73	21.40
975-06810	Cdn.Imperial Bank of Commerce	5,595,858.72	3.55	2008-12-01	4.95	22.40
975-06828	Cdn.Imperial Bank of Commerce	24,095,314.12	3.25	2009-03-01	4.73	21.56
975-06836	Cdn.Imperial Bank of Commerce	114,570,374.52	3.68	2009-08-01	4.85	22.41
975-06844	Canada Trust Company	23,843,164.01	3.50	2008-01-01	4.80	9.73
975-06851	Canada Trust Company	39,862,896.13	3.60	2008-09-01	5.21	10.80
975-06869	Canada Trust Company	23,391,001.83	3.60	2009-07-01	4.81	10.84
975-06877	Canada Trust Company	23,469,546.54	3.80	2010-01-01	5.23	11.28
975-06885	Toronto-Dominion Bank	6,109,308.55	3.10	2006-04-01	4.78	20.03

*PIP stands for Penalty Interest Payments
Source: CMHC

NHA MORTGAGE-BACKED SECURITIES
JANUARY TO MARCH 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
Month of Issue: February 2005						
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-06893	Toronto-Dominion Bank	31,415,048.37	3.30	2007-01-01	4.60	20.84
975-06901	Toronto-Dominion Bank	22,551,403.04	3.45	2007-09-01	4.56	21.73
975-06919	Toronto-Dominion Bank	32,826,572.15	3.50	2008-01-01	4.80	10.34
975-06927	Toronto-Dominion Bank	152,777,879.36	3.50	2008-01-01	4.67	22.49
975-06935	Toronto-Dominion Bank	71,937,203.89	3.50	2008-08-01	5.04	19.46
975-06943	Toronto-Dominion Bank	49,786,639.33	3.75	2009-01-01	4.87	19.89
975-06950	Toronto-Dominion Bank	138,906,007.43	3.55	2009-07-01	4.66	21.24
975-06968	Toronto-Dominion Bank	64,413,348.96	3.50	2009-07-01	4.73	22.08
975-06984	Cdn.Imperial Bank of Commerce	82,091,663.80	3.45	2008-08-01	4.74	20.93
975-06992	Cdn.Imperial Bank of Commerce	13,653,285.41	3.25	2009-02-01	4.61	21.24
975-07008	Maple Trust Company	24,898,596.25	3.25	2008-02-01	4.44	22.87
975-07016	Maple Trust Company	23,543,269.97	3.25	2007-12-01	4.69	22.77
NHA-Insured Variable Rate Pools (VRMBS)						
985-00531	Royal Bank of Canada	95,485,970.43	2.56	2007-01-01	3.65	21.96
Social Housing Pools						
990-08823	Toronto-Dominion Bank	3,568,503.44	2.75	2007-02-01	3.33	22.00
990-08831	Bank of Nova Scotia	19,806,744.85	3.50	2010-02-01	4.04	22.75
Month of Issue: March 2005						
NHA-Insured Market Residential Pools (Mixed)						
965-02562	Equitable Trust Company (The)	10,706,557.57	4.70	2015-03-01	5.82	31.84
NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)						
970-06092	National Bank of Canada	15,954,035.58	3.50	2008-08-01	5.25	19.03
970-06100	National Bank of Canada	43,878,866.77	3.15	2008-08-01	4.89	10.28
970-06118	National Bank of Canada	18,962,108.23	3.60	2008-08-01	5.86	19.23
970-06126	National Bank of Canada	16,562,182.55	3.50	2008-08-01	5.91	10.28
970-06134	National Bank of Canada	21,993,993.96	3.10	2008-01-01	4.89	22.62
970-06142	National Bank of Canada	12,049,044.98	3.00	2010-01-01	5.12	21.85
970-06159	National Bank of Canada	11,455,503.50	3.50	2010-01-01	5.11	11.53
970-06167	National Bank of Canada	9,061,800.84	3.50	2009-07-01	5.13	11.59
970-06175	National Bank of Canada	27,308,570.51	3.50	2009-06-01	4.68	20.13
970-06183	National Bank of Canada	21,556,225.98	3.60	2010-01-01	5.97	21.32
970-06191	National Bank of Canada	17,277,896.59	3.45	2009-06-01	4.73	11.21
970-06209	National Bank of Canada	6,998,924.55	3.55	2010-01-01	5.95	11.48
970-06217	La Capitale Civil Service Ins	29,493,758.91	3.85	2010-03-01	4.90	23.23
970-06225	Bank of Nova Scotia	72,236,723.22	3.75	2010-02-01	4.57	21.79
970-06233	Bank of Nova Scotia	167,713,343.25	3.90	2010-02-01	5.00	21.80
970-06241	Bank of Nova Scotia	108,638,837.26	3.90	2010-02-01	6.10	21.92
970-06258	Bank of Nova Scotia	47,169,585.93	3.75	2010-02-01	4.56	21.90
970-06266	Bank of Nova Scotia	123,684,661.52	3.90	2010-02-01	5.03	21.68
970-06274	Bank of Nova Scotia	60,493,306.62	3.90	2010-02-01	6.00	21.06
970-06282	Toronto-Dominion Bank	10,778,582.58	3.50	2008-09-01	4.85	11.06
970-06290	HSBC Bank Canada	19,624,601.22	4.00	2010-03-01	4.77	22.43
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-06539	Royal Bank of Canada	142,271,280.09	3.50	2009-02-01	4.75	22.67
975-06976	Toronto-Dominion Bank	5,515,239.26	3.10	2006-06-01	4.73	20.02
975-07024	Cdn.Imperial Bank of Commerce	37,492,767.23	3.85	2010-03-01	6.19	22.92
975-07032	Cdn.Imperial Bank of Commerce	4,328,930.42	3.80	2010-03-01	6.33	12.23
975-07040	Cdn.Imperial Bank of Commerce	15,547,892.68	3.80	2010-03-01	5.14	11.69

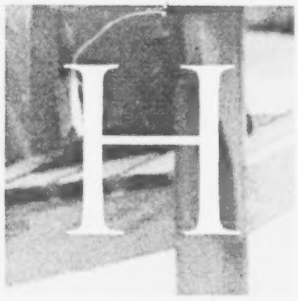
*PIP stands for Penalty Interest Payments
Source: CMHC

NHA MORTGAGE-BACKED SECURITIES

JANUARY TO MARCH 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	AMORTIZATION (YRS)
Month of Issue: March 2005						
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-07057	Cdn.Imperial Bank of Commerce	22,055,511.97	3.85	2010-03-01	5.13	22.69
975-07065	National Bank of Canada	90,529,125.38	3.50	2008-08-01	5.13	20.29
975-07073	National Bank of Canada	14,532,654.96	3.55	2008-08-01	5.17	11.94
975-07081	National Bank of Canada	39,720,436.87	3.50	2009-06-01	4.80	20.72
975-07099	National Bank of Canada	7,507,435.89	3.60	2008-08-01	6.45	20.04
975-07107	National Bank of Canada	11,708,199.74	3.55	2010-01-01	6.04	21.75
975-07115	National Bank of Canada	32,208,683.31	3.45	2010-01-01	4.99	22.25
975-07123	Royal Bank of Canada	523,603,783.14	3.60	2009-02-01	4.75	22.89
975-07156	Cdn.Imperial Bank of Commerce	185,419,088.74	3.85	2010-03-01	5.07	23.04
975-07164	Toronto-Dominion Bank	840,680,859.20	3.75	2010-02-01	5.01	22.42
975-07172	Toronto-Dominion Bank	13,898,251.98	3.60	2008-09-01	5.02	10.28
975-07180	Toronto-Dominion Bank	7,205,164.84	3.40	2007-09-01	4.63	9.98
975-07198	Toronto-Dominion Bank	9,033,373.19	3.45	2007-09-01	4.83	10.19
975-07206	Toronto-Dominion Bank	11,054,538.26	3.45	2007-09-01	4.70	20.32
975-07214	Toronto-Dominion Bank	16,166,726.47	3.25	2007-02-01	4.49	9.34
975-07222	Toronto-Dominion Bank	6,786,247.18	3.30	2007-0[illegible]-01	4.67	20.42
975-07230	Toronto-Dominion Bank	6,262,871.72	3.10	2006-06-01	4.80	9.56
975-07248	Toronto-Dominion Bank	43,867,961.15	3.50	2008-02-01	4.60	23.02
975-07255	Toronto-Dominion Bank	31,379,369.48	3.50	2008-09-01	4.67	21.25
975-07263	Toronto-Dominion Bank	40,456,525.28	3.75	2009-02-01	4.92	21.96
975-07271	Toronto-Dominion Bank	33,454,520.60	3.50	2009-08-01	4.75	10.97
975-07289	Toronto-Dominion Bank	52,069,605.65	3.80	2009-08-01	4.86	21.78
975-07297	Toronto-Dominion Bank	104,410,677.02	3.80	2010-02-01	5.15	11.33
975-07305	Toronto-Dominion Bank	329,517,853.51	3.90	2010-02-01	5.22	22.49
975-07313	HSBC Bank Canada	25,694,943.74	4.00	2010-03-01	4.78	22.55
975-07321	HSBC Bank Canada	13,552,181.31	4.00	2010-02-01	4.80	21.88
975-07339	HSBC Bank Canada	20,265,800.45	4.00	2010-02-01	4.81	21.74
975-07347	HSBC Bank Canada	7,318,639.36	4.00	2010-02-01	4.80	20.86
975-07354	Maple Bank GmbH	32,897,247.83	3.70	2010-03-01	4.98	21.24
975-07362	Maple Bank GmbH	131,390,035.43	3.70	2010-03-01	4.95	22.45
975-07370	Bank of Montreal	301,172,028.11	3.75	2009-12-01	5.03	22.16
975-07388	Bank of Montreal	104,223,561.54	3.75	2010-02-01	5.05	22.60
975-07396	Bank of Montreal	75,499,878.92	3.75	2010-02-01	5.07	23.13
975-07404	Bank of Montreal	218,567,212.60	3.75	2009-12-01	5.03	22.83
975-07412	Cdn.Imperial Bank of Commerce	200,905,670.40	3.90	2010-03-01	4.79	22.34
975-07420	Cdn.Imperial Bank of Commerce	39,279,316.10	3.83	2010-03-01	5.35	22.09
975-07438	Cdn.Imperial Bank of Commerce	10,983,754.11	3.83	2010-03-01	4.89	11.68
975-07446	Cdn.Imperial Bank of Commerce	37,387,698.36	3.95	2010-03-01	4.80	22.57
975-07453	Cdn.Imperial Bank of Commerce	11,960,676.73	3.88	2010-03-01	5.25	22.61
975-07461	TD Securities Inc.	13,902,522.18	4.10	2010-03-01	4.82	23.69
975-07479	ING Bank of Canada	20,003,080.37	3.75	2010-03-01	4.94	24.72
NHA-Insured Variable Rate Pools (VRMBS)						
985-00556	Royal Bank of Canada	63,424,620.27	2.57	2006-04-01	3.69	21.18
985-00564	Cdn.Imperial Bank of Commerce	536,802,746.35	2.74	2010-03-01	3.27	20.20
985-00572	Cdn.Imperial Bank of Commerce	115,768,707.83	2.74	2010-03-01	3.27	11.83
985-00580	Cdn.Imperial Bank of Commerce	40,342,733.24	2.74	2010-03-01	3.27	19.91
985-00598	Cdn.Imperial Bank of Commerce	9,209,902.22	2.74	2010-03-01	3.24	12.07
985-00614	Toronto-Dominion Bank	60,520,431.88	2.57	2009-06-01	3.59	22.08
985-00622	Toronto-Dominion Bank	61,221,954.00	2.57	2008-07-01	3.64	20.03
985-00630	Toronto-Dominion Bank	46,992,061.41	2.57	2008-12-01	3.65	21.13
Social Housing Pools						
990-08849	Toronto-Dominion Bank	28,928,738.66	3.38	2010-03-01	3.97	23.17

*PIP stands for Penalty Interest Payments
Source: CMHC



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JULY 2005

Canadian Market Overview

New Home Market

Housing starts are up in June

The seasonally adjusted annual rate[1] of housing starts was 241,300 units in June, up 7.0 per cent from 225,500 units in May.

The new home market was up in June with starts rising to their highest level of the year. The popular five-year fixed mortgage rate has fallen in recent months. This and other solid fundamentals are stimulating new home construction.

Urban multiple starts jump in June, while single starts hold steady

The seasonally adjusted annual rate of urban starts rose 8.3 per cent to 207,200 units in June, due mainly to an increase in multiple starts. Single starts

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Strong construction activity pulls up inventories -------- 6

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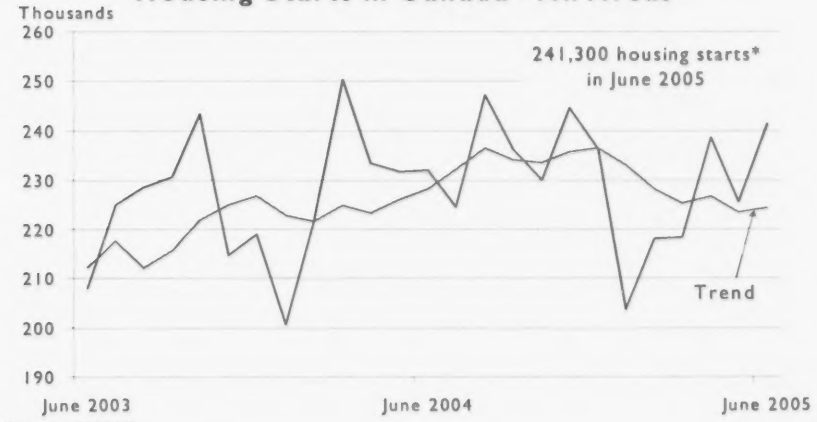
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

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HOME TO CANADIANS

remained unchanged at 98,400 units in June, while multiple starts rebounded to 108,800 units in June, up 17.0 per cent compared to May.

Urban starts increased in Ontario and Quebec, while dipping in the rest of the regions

Compared to May, the seasonally adjusted annual rate of urban starts in June was up by 42.6 per cent to 96,700 units in Ontario and up 12.6 per cent to 39,300 units in Quebec, due largely to an increase in multiple unit starts. The increase in Ontario and Quebec was partially offset by a decrease in urban starts in the Atlantic, Prairie and BC regions.

Rural starts in June were estimated at a seasonally adjusted annual rate of 34,100 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first half of 2005, actual urban starts were 5.2 per cent lower than in the same period in 2004. As of June, year-to-date single starts decreased 7.8 per cent, and multiple starts dipped 2.5 per cent compared to the same period last year.

Across the regions, on a year-to-date basis, actual urban starts were up only in the Prairies (6.0 per cent). In Quebec (-15.7 per cent), British Columbia (-5.2 per cent), Ontario (-4.1 per cent), and the Atlantic (-3.4 per cent) starts in the January to June period were down in 2005 compared to the previous year.

Existing Home Market

MLS® sales up in May

Seasonally adjusted MLS® (Multiple Listings Service) sales were up 0.2 per cent to 40,268 units in May 2005, compared to 40,119 units in April 2005.

MLS® actual sales for the first five months of 2005, at 204,252 units, were down 0.6 per cent from the same period in 2004.

MLS® new listings decrease in May

Seasonally adjusted MLS® new listings in May 2005 decreased by 2.1 per cent to 64,113 units, compared to 65,489 units in the previous month.

Actual new listings for the first five months of 2005 were up 5.2 per cent over the same period in 2004.

Sellers' market conditions across Canada continue to support strong growth in house prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[1]. New listings are a gauge of supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada remained in sellers' market territory in May 2005, at about 63 per cent. The Canada-wide average

Sellers' market continues to support rising house prices

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

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[1] Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

MLS® price increased by 8.6 per cent in the first five months of 2005 compared to the same period in 2004.

Economic conditions

In June, employment increased by 14,000 jobs. For the second quarter (April to June) 79,000 net new jobs were created (0.5 per cent increase), which was more than three times the number of jobs created in the first quarter of 2005 (January to March). Full-time employment gains (52,000 jobs) were partially offset by part-time employment (38,000 jobs) losses in June. The sectors that saw substantial growth in June were the construction sector (21,000 jobs), and the education sector (11,000 jobs).

Employment in June 2005 was up 1.3 per cent compared to a year ago.

The unemployment rate moved down to 6.7 per cent in June 2005, equalling the June 2000 rate, which was the lowest in almost three decades.

The seasonally adjusted employment-to-population ratio remains close to its historical peak. In other words, a near record share of Canadians are employed, thus helping to boost consumer confidence and support strong demand for housing.

The Bank of Canada left its target for the overnight lending rate unchanged at 2.5 per cent on July 12th, following similar decisions on May 25th, April 12th and March 1st. Core inflation remains slightly below the two per cent target, however, as economic growth strengthens in the second half of the year, interest rates are likely to move higher. Indeed, in their July 12th statement, the Bank of Canada underscored the need to reduce the amount of monetary stimulus in the near term.

The year-over-year increase in the price of new homes, measured by the New Housing Price index (NHPI), slowed to 4.6 per cent in May 2005, the lowest rate since June 2003. Strong demand for housing, higher building material and labour costs, as well as increasing land values, contributed to the increase in house prices.

In June, the price of goods and services included in the Consumer Price Index (CPI) basket increased 1.7 per cent compared to June 2004. The increase was mainly due to higher gasoline prices, restaurant meal prices, homeowners' replacement cost, and property taxes. These increases were restrained by lower prices for computer equipment and supplies, natural gas, and traveller accommodations. ■

Contributors: Milan Gnjec Inna Breidburg Ed Heese Bob Dugan Julie Taylor

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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Seasonal patterns favour spring housing market

- Monthly activity in the resale housing market follows a recurring and predictable pattern each year. History has shown that activity in the resale market heats up in the spring and cools off in the winter. This recurring pattern is largely weather driven. Colder weather in the winter helps keep both buyers and sellers out of the market. Warmer spring weather brings out buyers and sellers. Other seasonal influences such as holidays and vacation schedules also cause normal fluctuations in resale market activity. Typically activity in the resale market slows during the winter holiday and summer vacation seasons.

- The impact of weather and other seasonal influences can be captured through the seasonal adjustment process. A high seasonal factor implies stronger than average activity in a particular month. For instance, Toronto's April seasonal factor for MLS® sales is approximately 1.20. This suggests that MLS® sales in April are 20 per cent higher than trend.

- The chart below illustrates the relationship between seasonal factors for MLS® sales in Toronto and average temperature. As temperatures rise, the seasonal factors for MLS® sales also increase.

- A similar recurring monthly pattern is observed with new listings. During spring, the supply of new listings rises significantly. In Toronto, the number of new listings in the spring are roughly 20 per cent higher than trend. Conversely, the winter months typically see the number of newly listed homes well below trend.

- The average MLS® selling price of a home in Toronto also exhibits a recurring seasonal pattern. Homes sold in the spring generally sell for more than homes sold in the winter. The May price seasonal factor indicates that in the absence of other demand pressures, a home sold in May will sell for approximately six per cent more than a home sold in December. For a Toronto home valued at $300,000 this would translate into an additional $18,000 on the selling price. Low seasonal factors in the winter months suggest that homes sold in the winter sell below the trend price.

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Demand for Homes in Toronto Peaks in the Spring

Sources: CREA, Seasonal adjustment by CMHC

continued: Seasonal patterns favour spring housing market

- Seasonal price factors exhibit a lot less variation than do seasonal sale factors or seasonal listing factors.

- From a buyers' perspective, buying a home in the winter can lead to some dollar savings off the purchase price. However, the potential benefits of a lower price must be weighed against the fact that there are fewer homes to choose from in the winter.

- From a sellers' perspective, selling a home during spring can be advantageous. With more buyers in the market there is a greater likelihood that their home will sell. Moreover, the larger seasonal factors in the spring suggest that homes typically sell for more in the spring than they otherwise would in the winter.

- The varying climate across Canada tends to impact the degree of regional seasonal variation. In milder climates such as Vancouver, where temperature swings between seasons are less severe, housing market activity is distributed more evenly throughout year. In Winnipeg, however, where winters are colder and harsher, home sales slow down more in the winter months and rebound in the spring months. This is evident from the significant increase in the seasonal factors between the winter and spring months. Seasonal factors for MLS® sales in Winnipeg are almost 90 per cent higher in May than in December. The larger swings in temperature observed in Winnipeg translates into a more uneven distribution of resale market activity between winter and spring.

- There are seasonal factors other than weather that play a role in influencing MLS® sales, new listings and average home prices. For example, vacations during the summer months, the Quebec July 1st renter moving day phenomenon, and the back to school rush.

- In conclusion, seasonal factors such as weather play a significant role in influencing MLS® sales, new listings and average home prices. Typically the more pronounced changes in weather patterns are in a region, the more of an impact weather will have on the resale home market. ■

Seasonal Factor Ranges

	Degree variation between highest and lowest avg. monthly temp.	MLS Listings			MLS Price			MLS Sales		
		Low	High	% chg	Low	High	% chg	Low	High	% chg
Winnipeg	37	0.39 (Dec.)	1.42 (May)	164%	0.96 (Jan.)	1.05 (April)	9%	0.53 (Dec.)	1.40 (May)	164%
Saskatoon	36	0.49 (Dec.)	1.30 (May)	165%	0.97 (Dec.)	1.03 (May)	6%	0.56 (Dec.)	1.25 (April)	123%
Ottawa	31	0.40 (Dec.)	1.35 (May)	238%	0.97 (Dec.)	1.03 (May)	6%	0.62 (Jan.)	1.42 (May)	129%
Montreal	30	0.60 (Dec.)	1.31 (March)	118%	0.95 (Jan.)	1.04 (June)	10%	0.77 (Dec.)	1.53 (March)	99%
Toronto	27	0.43 (Dec.)	1.28 (May)	198%	0.96 (Aug.)	1.03 (May)	7%	0.64 (Dec.)	1.28 (May)	100%
Calgary	25	0.47 (Dec.)	1.2 (May)	155%	0.98 (Dec.)	1.02 (June)	4%	0.66 (Dec.)	1.21 (May)	83%
Saint John	24	0.37 (Dec.)	1.34 (June)	262%	0.97 (Oct.)	1.02 (June)	5%	0.52 (Jan.)	1.34 (June)	158%
Halifax	23	0.45 (Dec.)	1.41 (May)	213%	0.98 (Nov.)	1.03 (April)	5%	0.54 (Dec.)	1.42 (June)	163%
St John's	19	0.43 (Dec.)	1.30 (June)	102%	0.96 (Oct.)	1.04 (Jan.)	8%	0.44 (Jan.)	1.49 (July)	239%
Vancouver	14	0.52 (Dec.)	1.26 (May)	142%	0.97 (Dec.)	1.02 (April)	5%	0.65 (Jan.)	1.20 (March)	85%

Sources: CREA, Seasonal adjustment by CMHC, average monthly temperatures from the Weather Network website, www.theweathernetwork.com

Strong construction activity pulls up inventories

The number of newly completed apartments, which remain unabsorbed, jumped in 2004 and 2005. The rise mainly reflects an increase in construction activity, which in turn reflects strong demand.

- At Canada Mortgage and Housing Corporation (CMHC) we track new residential construction from start to completion. We also keep track of when a new home is sold or rented or, in other words, when the unit is absorbed by the market. The number of units that remain unabsorbed can be considered as a form of inventory, which can be used as an indicator of market conditions. Inventories can increase for two reasons – a decrease in demand or an increase in construction activity.

- The increase in the inventory of unabsorbed homes in Canada in recent years has been concentrated in apartments. The number of unabsorbed apartment units has increased by 105 per cent between January 2002 and June 2005.

- Apartment inventories include both condominium and rental apartments. In the case of rental apartment buildings, there are often many units that are vacant at the time of completion. Therefore, an increase in rental apartment completions almost automatically pushes inventories upward.

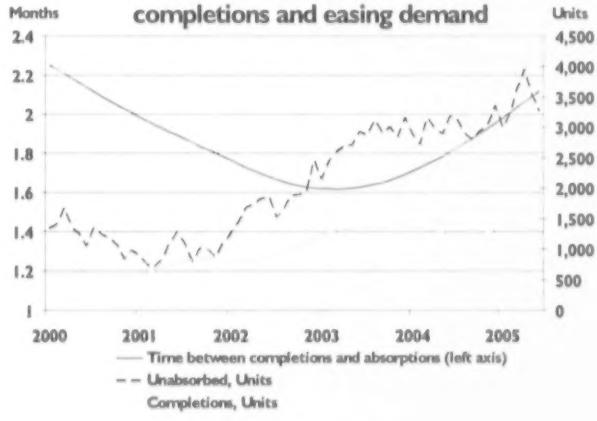
- Construction of condominium apartments normally only begins once some share of the units in a project have been sold. As a result, in condominium apartments, many units in the building could still be unabsorbed at the time of completion. Therefore, increases in condominium completions also tend to push inventories higher. However, because of the fact that condominium construction is supported by pre-sales, increases in inventories associated with rising completions of new condominium units reflects stronger demand.

Rise in the number of condominiums under construction signals strong demand

Source: CMHC (Market Absorption Survey)

- Another indicator of market conditions is the length of time that unoccupied rental and condominium apartment units stay on the market before they are absorbed. The shorter the time, the stronger demand.

Rental inventories reflect both high completions and easing demand



Source: CMHC (Market Absorption Survey)

continued on page 7....

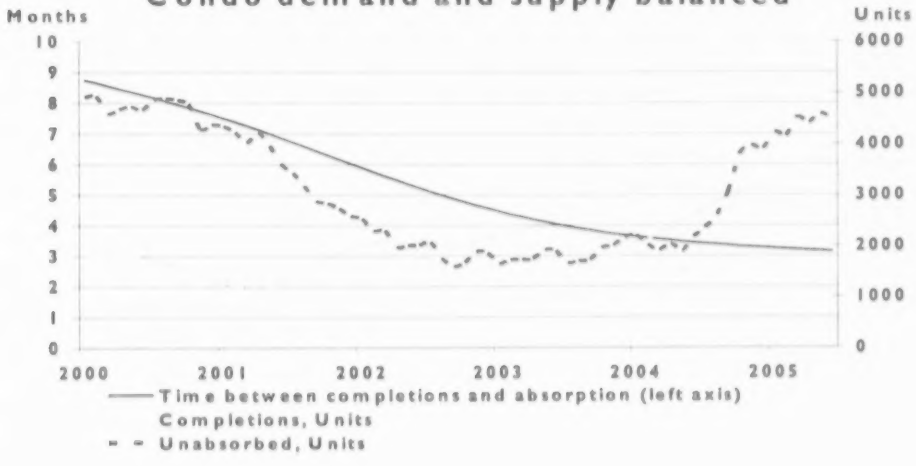
continued: Strong construction activity pulls up inventories

- Inventories of unabsorbed newly completed rental apartment units increased sharply between the beginning of 2002 and mid-2003. This rise in inventories was accompanied by an increase in rental completions and a reversal in the trend decline in the average number of months that elapses between the completion of a rental building and when 90 per cent of its apartments were absorbed. Since 2003, rental completions have stabilized at a higher level and rental units have taken a little longer to be leased. Therefore, recent rise in inventories reflects a combination of stronger construction activity and some easing in rental demand. This is consistent with the rise in the national rental vacancy rate in recent years.

- Rising inventories for condominiums are due to higher completions in the context of strengthening demand. The rate of increase in completions surged in 2004, triggering the current increase we see in inventories. The average amount of time elapsed between completion of a condo project and when it was 90 per cent absorbed decreased continuously over the past five years, moving down from about 9 months at the start of 2000 to about 3 months in June 2005. Since 2003, however, the time lag between the completion and absorption has begun to stabilize. Nevertheless, newly completed condominium apartments are being snapped up faster than in the past.

- Conclusion: The strong growth in unabsorbed rental and condo apartment units that occurred in 2004 and the first half of 2005 is due mainly to stronger construction activity in both the rental and condo markets. In the case of condominium apartments, the rising construction activity reflects strong demand. However, the elapsed time between when a building is completed and when it become 90 per cent absorbed has begun to rise slightly for rental apartments and is stabilizing in the case of condominiums. As a result demand and supply in both the condo and rental segments of the market are expected to remain in balance. ■

Condo demand and supply balanced



Source: CMHC (Market Absorption Survey)

This Month's Housing Data (SAAR)

	2004	Q4:04	Q1:05	Q2:05	M4:05	M5:05	M6:05
Housing starts, units, 000s							
Canada. Total. All areas	233.4	236.9	213.3	235.4	238.5	225.5	241.3
Per cent change from previous period	6.9	0.3	-10.0	10.4	9.2	-5.5	7.0
Canada. Total. Rural areas	29.0	30.4	28.7	34.1	34.1	34.1	34.1
Per cent change from previous period	9.5	-7.0	-5.6	18.8	18.8	0.0	0.0
Canada. Total. Urban areas	204.4	206.5	184.6	201.3	204.4	191.4	207.2
Per cent change from previous period	6.5	1.4	-10.6	9.0	7.7	-6.4	8.3
Canada. Single. Urban areas	103.9	102.5	93.4	98.6	98.8	98.4	98.4
Per cent change from previous period	3.6	-2.6	-8.9	5.6	6.1	-0.4	0.0
Canada. Multiple. Urban areas	100.5	104.0	91.2	102.7	105.6	93.0	108.8
Per cent change from previous period	9.7	5.7	-12.3	12.6	9.3	-11.9	17.0
Newfoundland. Total. All areas	2.9	2.9	3.1	2.5	2.3	2.7	2.3
Per cent change from previous period	6.6	0.0	6.9	-19.4	-14.8	17.4	-14.8
Prince Edward Island. Total. All areas	0.9	0.7	1.5	1.0	0.7	1.2	1.0
Per cent change from previous period	12.9	-12.5	114.3	-33.3	-46.2	71.4	-16.7
Nova Scotia. Total. All areas	4.7	4.7	4.0	5.4	6.8	5.4	4.0
Per cent change from previous period	-7.4	-4.1	-14.9	35.0	88.9	-20.6	-25.9
New Brunswick. Total. All areas	3.9	4.0	3.2	4.3	3.9	4.6	4.3
Per cent change from previous period	-12.1	-7.0	-20.0	34.4	0.0	17.9	-6.5
Quebec. Total. All areas	58.4	60.6	55.1	52.6	58.4	47.5	51.9
Per cent change from previous period	16.2	0.2	-9.1	-4.5	12.1	-18.7	9.3
Ontario. Total. All areas	85.1	84.4	71.3	88.2	86.3	74.7	103.6
Per cent change from previous period	-0.1	-1.6	-15.5	23.7	19.4	-13.4	38.7
Manitoba. Total. All areas	4.4	4.0	4.3	4.4	4.2	4.0	5.1
Per cent change from previous period	5.6	-29.8	7.5	2.3	-19.2	-4.8	27.5
Saskatchewan. Total. All areas	3.8	4.2	2.5	3.3	2.4	2.8	4.3
Per cent change from previous period	14.1	31.3	-40.5	32.0	9.1	16.7	53.6
Alberta. Total. All areas	36.3	39.6	36.7	41.6	43.0	47.4	34.3
Per cent change from previous period	0.3	14.1	-7.3	13.4	7.2	10.2	-27.6
British Columbia. Total. All areas	32.9	31.8	31.6	32.1	30.5	35.2	30.5
Per cent change from previous period	25.8	-5.1	-0.6	1.6	-12.9	15.4	-13.4

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q4:04	Q1:05	Q2:05	M4:05	M5:05	M6:05
Canada	204.4	206.5	184.6	201.3	204.4	191.4	207.2
Newfoundland	2.1	2.2	2.5	1.7	1.5	1.9	1.5
Prince Edward Island	0.6	0.4	1.1	0.5	0.2	0.7	0.5
Nova Scotia	3.3	3.1	2.5	3.9	5.3	3.9	2.8
New Brunswick	2.6	2.5	1.8	3.0	2.6	3.3	3.0
Québec	46.7	49.3	41.6	40.0	45.8	34.9	39.3
Ontario	79.9	77.2	69.4	81.3	79.4	67.8	96.7
Manitoba	2.9	2.6	2.7	2.7	2.5	2.3	3.4
Saskatchewan	3.1	3.3	2.0	2.8	1.9	2.3	3.8
Alberta	32.2	35.6	32.0	35.8	37.2	41.6	28.5
British Columbia	30.9	30.3	29.0	29.6	28.0	32.7	28.0

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2004	Q4:04	Q1:05	Q2:05	M4:05	M5:05	M6:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.7	5.7	5.5	5.5	5.5	5.3
Per cent change from same period previous year	9.3	12.6	12.5	4.1	6.7	3.7	1.9
New & unoccupied row & apartments, units 000s	6.7	8.3	8.8	9.3	9.5	9.3	9.0
Per cent change from same period previous year	18.9	37.1	49.6	54.0	60.5	62.1	40.5
New House Price Index, 1997=100	123.2	125.4	126.5	n.a.	127.7	128.3	n.a.
Per cent change from same period previous year	5.5	5.4	5.1	n.a.	4.9	4.6	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	451.3	454.3	491.6	482.4	486.4	505.9
Per cent change from same period previous year	6.0	0.6	-0.1	2.9	-0.6	3.1	6.3
MLS® average resale price*, $C 000s	226.2	233.1	239.2	246.5	243.1	249.1	247.2
Per cent change from same period previous year	9.2	8.1	8.8	8.9	8.0	8.5	10.3
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.90	4.88	4.83	4.90	4.85	4.75
5-Year Mortgage Rate, % (period average)	6.23	6.25	6.12	5.90	6.05	5.95	5.70

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.

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Canada Mortgage and Housing Corporation

www.cmhc.ca

AUGUST 2005

Canadian Market Overview

New Home Market

Multiple construction pushes housing starts higher in July

The seasonally adjusted annual rate[1] of housing starts was 242,600 units in July, up 0.5 per cent from 241,300 units in June.

Low mortgage rates and favourable labour market conditions have boosted new home construction to its highest level of the year.

Urban multiple starts jump in July, while single starts drop

The seasonally adjusted annual rate of urban starts rose 2.3 per cent to 211,900 units in July, due to a 12.4 per cent rise in multiple starts to 122,300 units. Single starts declined 8.9 per cent to 89,600 units in July compared to June. The stronger performance of multiple starts

continued on page 2...

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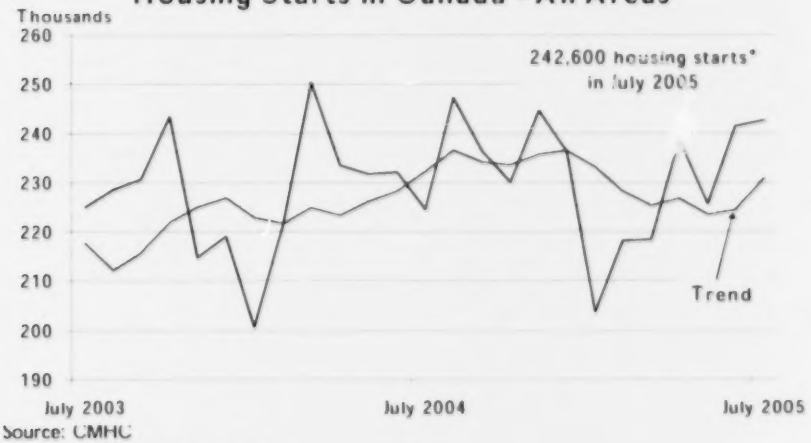
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

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HOME TO CANADIANS

compared to single starts is consistent with the expectation that rising house prices will result in a shift in demand toward less expensive multi-family homes.

Urban starts increased in all regions except Ontario

Urban housing starts were up in all regions except for Ontario in July. Housing starts were up 17.5 per cent to 32,900 units in British Columbia, 15.3 per cent to 45,300 units in Quebec, 6.7 per cent to 8,000 units in the Atlantic provinces, and 2.5 per cent to 36,600 units in the Prairies. In Ontario, the seasonally adjusted annual rate of urban starts in July fell 7.9 per cent to 89,100 units, despite the near record activity in the Toronto market, where monthly starts posted their second highest level on record.

Rural starts in July were estimated at a seasonally adjusted annual rate of 30,700 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first seven months of 2005, actual urban starts were 2.6 per cent lower than in the same period in 2004. Year-to-date single starts decreased 9.8 per cent, while multiple starts increased 5.5 per cent compared to the same period last year.

Across the regions, on a year-to-date basis, actual urban starts were up only in the Prairies (5.9 per cent). In Quebec (-13.3 per cent), the Atlantic provinces (-4.7 per cent), and British Columbia (-1.6 per cent) starts in the January to July period were down in 2005 compared to the previous year. Starts on a year-to-date basis in Ontario (-0.04 per cent) were relatively unchanged.

New house prices strengthen in June

The year-over-year increase in the price of new homes, measured by the New Housing Price index (NHPI), increased to 4.7 per cent in June, up from 4.6 per cent in May. Strong market conditions coupled with a shortage of serviced lots contributed to the increase in house prices.

Existing Home Market

MLS® sales up in June

Seasonally adjusted MLS® (Multiple Listings Service) sales were up 4.0 per cent to 42,162 units in June 2005, compared to 40,534 units in May 2005.

MLS® actual sales for the first six months of 2005, at 254,676 units, were up 0.8 per cent from the same period in 2004.

MLS® new listings decrease in June

Seasonally adjusted MLS® new listings in June 2005 decreased by 0.9 per cent to 63,437 units, compared to 64,015 units in the previous month.

Actual new listings for the first six months of 2005 were up 4.7 per cent over the same period in 2004.

Sellers' market conditions across Canada continue to support strong growth in house prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[1]. New listings are a gauge of supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada remained in sellers' market territory in June 2005, at about 67 per cent. The Canada-wide average MLS® price increased by 9.0 per cent in the first six months of 2005 compared to the same period in 2004. **continued on page 3...**

[1] Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

Sellers' market continues to support rising house prices

— Sales-to-new-listings, Canada, % (left axis) - - - MLS® price, $ (right axis)

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

Economic conditions

In July, employment increased by 5,900 jobs. For the second quarter (April to June) 79,000 net new jobs were created (a 0.5 per cent increase), which was more than three times the number of jobs created in the first quarter of 2005 (January to March). Full-time employment was down in July (-2,500 jobs), while part-time employment was up 8,500 jobs. The sectors that saw substantial growth in July were the retail and wholesale trade sector (24,000 jobs), the health care and social assistance sector (18,000 jobs), the information, culture and recreation sector (16,000 jobs), and the agriculture sector (16,000 jobs).

Employment in July was up 1.2 per cent compared to a year ago.

The unemployment rate edged up to 6.8 per cent in July 2005, equalling the June 2000 rate, which is still one of the lowest levels in almost three decades.

The seasonally adjusted employment-to-population ratio remains close to its historical peak. In other words, a near record share of Canadians are employed, thus helping to boost consumer confidence and support strong demand for housing.

The Bank of Canada left its target for the overnight lending rate unchanged at 2.5 per cent on July 12th, following similar decisions on May 25th, April 12th and March 1st. Core inflation is at the two per cent target, however, as economic growth strengthens in the second half of the year, interest rates are likely to move higher. Indeed, in their July 12th statement, the Bank of Canada underscored the need to reduce the amount of monetary stimulus in the near term.

In July, the price of goods and services included in the Consumer Price Index (CPI) basket increased 2.0 per cent compared to July 2004. The increase was mainly due to higher gasoline prices, restaurant meal prices, and homeowners' replacement cost. These increases were restrained by lower prices for the purchase and leasing of automotive vehicles, computer equipment and supplies, and traveller accommodations. ■

Contributors: Julie Taylor Brent Weimer Bob Dugan

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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Product # 63830-2005-08

Still no sign of a housing bubble in Canada

Sales of existing homes will remain near record level this year while residential construction will post the third highest level since 1989. Strong demand for housing has caused prices to rise rapidly in recent years and has led to some speculation that a real estate bubble might be inflating. However, the rise in house prices is grounded in solid economic fundamentals, therefore, there is no evidence of a bubble in Canada.

- A bubble occurs when an asset experiences price increases well in excess of historical norms for a sustained period of time, which are mainly based on the speculation that it can be sold in the future at a higher price to someone who will buy it for the same reason.
- Recent articles published in June 2005 by The Economist magazine[1] note that house prices are rising "at an alarming rate around the globe". The analysis relies on their house-price indices for 20 countries including Canada. According to the articles, there are two common factors that have driven the house price boom globally: historically low interest rates; and more and more households moving into real estate after losing faith in equities after stock markets plunged in 2000. These factors are also prevalent in Canada.
- House prices in the first quarter of 2005 increased by more than 9 per cent in 11 of the 20 countries for which The Economist gathers house-price data. In Canada on the other hand, house prices were up only 5.2 per cent in the first quarter of 2005. In fact, year-over-year price growth in Canada in the first quarter of 2005 ranked 14th out of the 20 countries. The only other countries where price growth was weaker than in Canada were Singapore, the Netherlands, Switzerland, Australia, Germany, and Japan. Since 1997, house prices in most countries have increased significantly. The Economist has identified a number of countries whose house prices are over-inflated, but Canada is not among them.
- Looking more closely at the Canadian housing market, we see that price pressures are starting to ease. While the average MLS® price in Canada increased by a healthy 7.5 per cent in the second quarter of 2005, compared to the same time period in 2004, this is down from 9.4 per cent in the second quarter of 2004 compared to the same time period in 2003.

Canada MLS Average Price-Inflation Adjusted

	% change compared to a year earlier		% change of the past few years		
	Q2 2005	Q2 2004	2002	2003	2004
Vancouver	9.7	13.6	3.1	7.1	11.3
Calgary	10.3	3.6	5.0	2.9	3.7
Saskatoon	3.7	4.9	-0.7	3.0	3.7
Winnipeg	10.3	10.5	2.6	9.0	10.0
Toronto	5.7	6.2	7.5	3.2	5.7
Montreal	4.1	13.9	11.2	14.3	10.6
Saint John	3.4	4.0	3.1	-0.5	8.1
Halifax	6.5	4.9	7.6	5.8	5.9
PEI	3.9	2.6	5.6	3.8	6.7
St. John's	5.6	8.9	6.3	2.9	7.7
Canada	7.5	9.4	7.5	6.8	7.3

Sources: CMHC, CREA, Statistics Canada

continued on page 5....

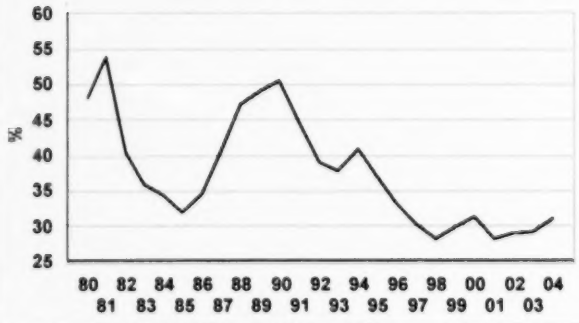
[1] The Economist, **After the fall** and **The global housing boom** (*In come the waves*), June 18th, 2005 (print edition)

continued: Still no sign of a housing bubble in Canada

- A higher degree of synchronization in the housing markets is contributing to the high level of the real MLS® average price for Canada. In the late 1980s, relatively low real house prices in some provinces, such as Alberta, helped offset high prices in other provinces like Ontario and dampened the rise in the Canada-wide average house price. Today, strong housing markets across the country means that all provinces are contributing to the rise in the average house price for Canada as seen in the table on the previous page. The higher degree of synchronization in the housing markets implies that all regions are contributing to the rise in the average real house price and that surpassing the previous peak in real house prices does not mean that there is a house price bubble.

- Even with the accelerated increases in house prices in recent years, the burden of making mortgage payments on households is currently very low. To measure this burden, the annual mortgage payment on the average priced house financed at the posted 5-year mortgage rate is divided by the level of average household after-tax income. In 2004, the monthly mortgage payment ($1,331) was 2.5 per cent lower than in 1989, while over the same period, the household after-tax income increased by 55 per cent. As a result, the annual mortgage payment to income ratio dropped from over 49 per cent in 1989 to just under 31 per cent in 2004.

Ratio: Annual Mortgage Payment /Average Annual Income*



Sources: CMHC, CREA, Statistics Canada
Mortgage loan financed at 90 per cent, amortized over 25 years, for a 5-year term.
* Average after-tax income of economic families. For 2003 and 2004, it is assumed that personal disposable income increased at the same pace as inflation.

- With the current level of house prices and after-tax income, the 5-year mortgage rate would have to almost double from the current mortgage rate, to reach nearly 13 per cent, to bring the mortgage payment to income ratio back up to the level experienced in 1989. Thus, historically low mortgage rates have offset a substantial proportion of the impact of rising house prices. As a result, the annual mortgage cost as a percentage of after-tax income has been fairly stable in recent years and well below its level in the early 1990s.

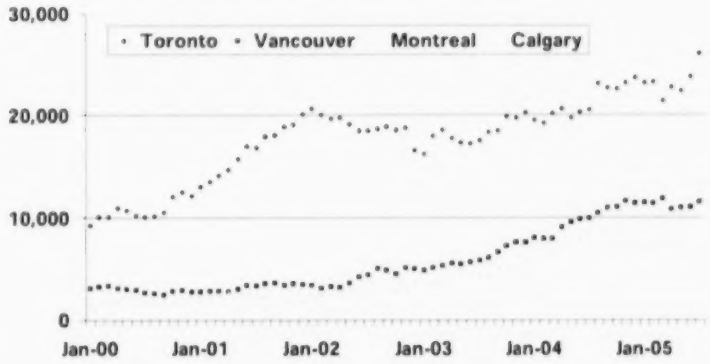
- We are in the midst of a global housing boom. In many countries, this boom has resulted in an unsustainable rise in house prices. In Canada, however, this is not the case. Rising house prices in Canada are being supported by strong demand, which in turn reflects solid economic fundamentals such as low interest rates. Furthermore Canadians' ability to pay, as seen in the mortgage payment to income ratio, is keeping up with rising house prices. Therefore, the rise in house prices in Canada in recent years is sustainable and there is no evidence of a house price bubble. ■

Condominium inventories rise in metropolitan areas

The number of newly completed but unabsorbed condominium apartments in four of Canada's major metropolitan areas (Toronto, Montreal, Vancouver and Calgary) has increased in recent years. This rise reflects an increase in construction activity which has occurred in response to strong housing demand.

- When a newly built home is occupied, the completed unit is recorded as being absorbed by the market. The number of completed units that are not yet absorbed by the market is a measure of standing inventory. This inventory can increase due to a decrease in demand or an increase in construction activity.
- The July issue of *Housing Now* examined the increasing trends in both the number of apartments under construction and the number of completed apartments not yet absorbed for Canada, and concluded that increased inventories resulted from rising construction activity in response to strong demand. However, given that local housing market conditions vary across the country, this article extends the earlier national analysis to the local level.
- Last year, three-quarters of Canada's condominium apartment starts occurred in four major metropolitan areas: Toronto, Montreal, Vancouver and Calgary. The rising level of condominium apartment starts in these four centres has resulted in a doubling of units under construction in the last few years.
- Typically, construction of a condominium apartment building only commences once a given percentage of the units has been sold. However, some units are not pre-sold, and many condominium apartment units in the project could potentially be unabsorbed at the time of completion. As the number of condominium completions rises, so does the number of potentially unabsorbed units. Thus, booming apartment condominium construction, which is supported by a large proportion of pre-sales, can result in higher inventories. In this case, rising inventories of new condominium units reflects stronger demand.
- Another indicator of market conditions is the duration that unoccupied homes remain on the market until they are absorbed. When demand is strong, newly completed units are quickly absorbed by the market. Thus, shorter absorption times are correlated with stronger demand.

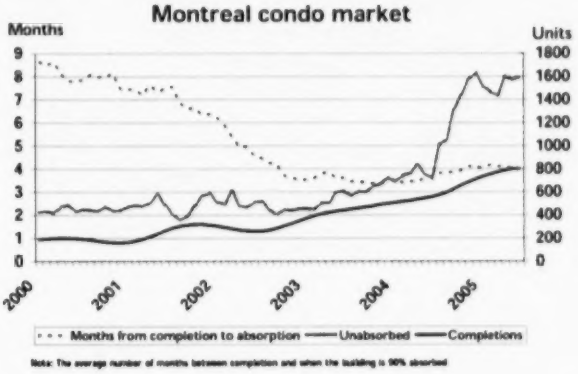
Rise in the number of condominium apartments under construction



Source: CMHC (Starts and Completions Survey)

- The number of unabsorbed condominium apartments in Montreal has nearly quadrupled since 2000. However, this increase reflects rising construction levels due to stronger demand. Last year saw condominium apartment starts and completions in Montreal more than triple compared to the year 2000, while absorption times were significantly lower than they were a few years ago.

Montreal condo market

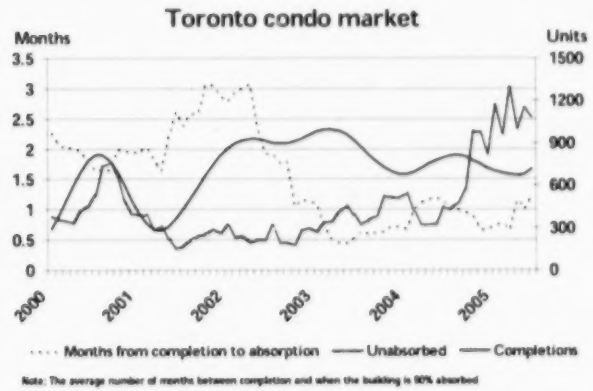


Source: CMHC (Market Absorption Survey)

continued on page 7....

continued: Condominium inventories rise in metropolitan areas

- Toronto condominium apartment completions surged in 2002, yet the number of unabsorbed units remained low. Despite the flurry of condominium completions in 2002, absorption times actually decreased significantly as the year progressed and declined even further throughout 2003. While the number of unabsorbed condominium apartment units has more than doubled in Toronto over the past 12 months, absorption times still remain very low, only increasing marginally over the past few months.

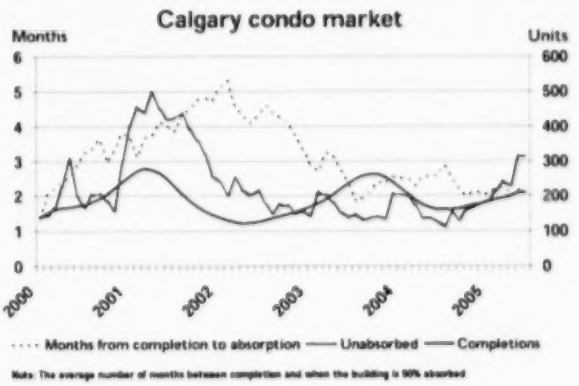


Source: CMHC (Market Absorption Survey)

- Unlike Montreal or Toronto, the Vancouver condominium apartment market turned a corner earlier in the decade with both standing inventories and absorption times plummeting. At the same time, the number of condominium apartment starts in Vancouver nearly quadrupled between 2000 and 2004. Completions have begun to rise substantially in recent months, but standing inventories and absorption times remain extremely low as newly completed units are being snapped up faster than in the past.

Source: CMHC (Market Absorption Survey

- During the first half of 2001, a rise in Calgary condominium apartment completions pushed both unabsorbed units and absorption times higher. Absorption times continued to rise into 2002 despite waning completion activity and declining inventories. The number of unabsorbed units in the Calgary condominium apartment market has moved higher in recent months but the absorption times remain fairly low.



Source: CMHC (Market Absorption Survey)

- Conclusion: While there are some differences between the major condominium apartment markets, all four markets appear to be healthy. Inventories have risen somewhat in the Montreal, Toronto and Calgary markets which reflects higher construction activity in these centres. Absorption times have decreased in recent years and remain low. Demand and supply in these condominium markets are expected to remain in balance. The Vancouver market, however, has also shown a pick-up in completions, while both inventories and absorption times are extremely low, having trended lower for a number of years. Thus, the Vancouver market remains tight relative to its recent history and compared to the other major centres. ■

This Month's Housing Data (SAAR)

	2004	Q4:04	Q1:05	Q2:05	M5:05	M6:05	M7:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**236.9**	**213.3**	**235.4**	**225.5**	**241.3**	**242.6**
Per cent change from previous period	6.9	0.3	-10.0	10.4	-5.5	7.0	0.5
Canada. Total. Rural areas	**29.0**	**30.4**	**28.7**	**34.1**	**34.1**	**34.1**	**30.7**
Per cent change from previous period	9.5	-7.0	-5.6	18.8	0.0	0.0	-10.0
Canada. Total. Urban areas	**204.4**	**206.5**	**184.6**	**201.3**	**191.4**	**207.2**	**211.9**
Per cent change from previous period	6.5	1.4	-10.6	9.0	-6.4	8.3	2.3
Canada. Single. Urban areas	**103.9**	**102.5**	**93.4**	**98.6**	**98.4**	**98.4**	**89.6**
Per cent change from previous period	3.6	-2.6	-8.9	5.6	-0.4	0.0	-8.9
Canada. Multiple. Urban areas	**100.5**	**104.0**	**91.2**	**102.7**	**93.0**	**108.8**	**122.3**
Per cent change from previous period	9.7	5.7	-12.3	12.6	-11.9	17.0	12.4
Newfoundland. Total. All areas	**2.9**	**2.9**	**3.1**	**2.5**	**2.7**	**2.3**	**2.2**
Per cent change from previous period	6.6	0.0	6.9	-19.4	17.4	-14.8	-4.3
Prince Edward Island. Total. All areas	**0.9**	**0.7**	**1.5**	**1.0**	**1.2**	**1.0**	**0.7**
Per cent change from previous period	12.9	-12.5	114.3	-33.3	71.4	-16.7	-30.0
Nova Scotia. Total. All areas	**4.7**	**4.7**	**4.0**	**5.4**	**5.4**	**4.0**	**5.0**
Per cent change from previous period	-7.4	-4.1	-14.9	35.0	-20.6	-25.9	25.0
New Brunswick. Total. All areas	**3.9**	**4.0**	**3.2**	**4.3**	**4.6**	**4.3**	**4.0**
Per cent change from previous period	-12.1	-7.0	-20.0	34.4	17.9	-6.5	-7.0
Quebec. Total. All areas	**58.4**	**60.6**	**55.1**	**52.6**	**47.5**	**51.9**	**56.2**
Per cent change from previous period	16.2	0.2	-9.1	-4.5	-18.7	9.3	8.3
Ontario. Total. All areas	**85.1**	**84.4**	**71.3**	**88.2**	**74.7**	**103.6**	**94.5**
Per cent change from previous period	-0.1	-1.6	-15.5	23.7	-13.4	38.7	-8.8
Manitoba. Total. All areas	**4.4**	**4.0**	**4.3**	**4.4**	**4.0**	**5.1**	**6.0**
Per cent change from previous period	5.6	-29.8	7.5	2.3	-4.8	27.5	17.6
Saskatchewan. Total. All areas	**3.8**	**4.2**	**2.5**	**3.3**	**2.8**	**4.3**	**2.9**
Per cent change from previous period	14.1	31.3	-40.5	32.0	16.7	53.6	-32.6
Alberta. Total. All areas	**36.3**	**39.6**	**36.7**	**41.6**	**47.4**	**34.3**	**35.5**
Per cent change from previous period	0.3	14.1	-7.3	13.4	10.2	-27.6	3.5
British Columbia. Total. All areas	**32.9**	**31.8**	**31.6**	**32.1**	**35.2**	**30.5**	**35.5**
Per cent change from previous period	25.8	-5.1	-0.6	1.6	15.4	-13.4	16.4

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q4:04	Q1:05	Q2:05	M5:05	M6:05	M7:05
Canada	204.4	206.5	184.6	201.3	191.4	207.2	211.9
Newfoundland	2.1	2.2	2.5	1.7	1.9	1.5	1.6
Prince Edward Island	0.6	0.4	1.1	0.5	0.7	0.5	0.4
Nova Scotia	3.3	3.1	2.5	3.9	3.9	2.5	3.3
New Brunswick	2.6	2.5	1.8	3.0	3.3	3.0	2.7
Québec	46.7	49.3	41.6	40.0	34.9	39.3	45.3
Ontario	79.9	77.2	69.4	81.3	67.8	96.7	89.1
Manitoba	2.9	2.6	2.7	2.7	2.3	3.4	4.1
Saskatchewan	3.1	3.3	2.0	2.8	2.3	3.8	2.2
Alberta	32.2	35.6	32.0	35.8	41.6	28.5	30.3
British Columbia	30.9	30.3	29.0	29.6	32.7	28.0	32.9

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

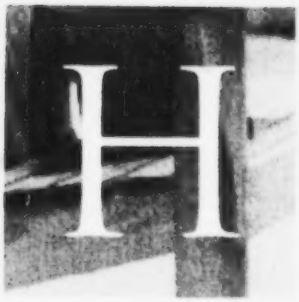
	2004	Q4:04	Q1:05	Q2:05	M5:05	M6:05	M7:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.7	5.7	5.5	5.5	5.3	5.1
Per cent change from same period previous year	9.3	12.6	12.5	4.1	3.7	1.8	3.0
New & unoccupied row & apartments, units 000s	6.7	8.3	8.8	9.3	9.3	9.0	9.5
Per cent change from same period previous year	18.9	37.1	49.6	54.0	62.1	40.5	44.6
New House Price Index, 1997=100	123.2	125.4	126.5	128.4	128.3	129.3	n.a.
Per cent change from same period previous year	5.5	5.4	5.1	4.7	4.6	4.7	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	451.3	454.3	491.6	486.4	505.9	n.a.
Per cent change from same period previous year	6.0	0.6	-0.1	2.9	3.1	6.3	n.a.
MLS® average resale price*, $C 000s	226.2	233.1	239.2	246.5	249.1	247.2	n.a.
Per cent change from same period previous year	9.2	8.1	8.8	8.9	8.5	10.3	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.90	4.88	4.83	4.85	4.75	4.90
5-Year Mortgage Rate, % (period average)	6.23	6.25	6.12	5.90	5.95	5.70	5.80

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.



HOUSING NOW

Canada

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

www.cmhc.ca

SEPTEMBER 2005

Canadian Market Overview

New Home Market

Multiple construction eases in August

The seasonally adjusted annual rate[1] of housing starts was 201,000 units in August, down from 242,600 units in July.

Despite the decrease in August, housing starts in Canada have now been above the 200,000 level for 27 consecutive months. Housing market fundamentals remain strong with high employment levels and low mortgage rates. Most of the decline in housing starts occurred in the multiple starts segment which is more volatile than single starts on a monthly basis.

Both urban single and multiple starts cooled in August

Housing starts in Canada's urban centres fell 19.6 per cent to a seasonally adjusted annual rate of 170,300 units in August.

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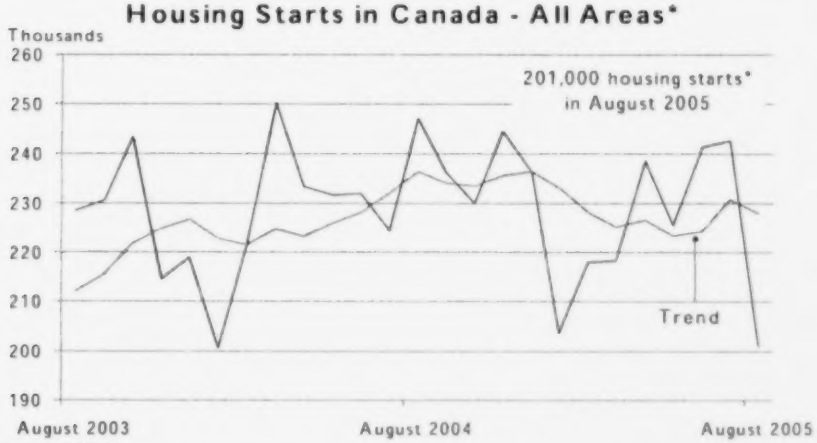
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

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HOME TO CANADIANS

Urban single detached starts decreased 4.7 per cent to 85,400 units in August while urban multiples decreased 30.6 per cent to 84,900 units.

Urban starts decreased in Ontario, Quebec, and British Columbia

Urban housing starts in August decreased by 36.6 per cent in Ontario, reflecting a drop in Toronto multiple starts from July's exceptionally high level. Urban starts dipped 17.4 per cent in Quebec, and 9.4 per cent in British Columbia. The decrease in Quebec was also due in large part to a decrease in multiple starts. Housing starts were up by a modest 0.8 per cent in the Prairies and increased 21.3 per cent in the Atlantic region. The increase in residential construction in the Atlantic region was reflected in all four provinces.

Rural starts in August were estimated at a seasonally adjusted annual rate of 30,700 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first eight months of 2005, actual urban starts were 5.6 per cent lower than for the same period in 2004. Year-to-date single starts decreased 11.0 per cent, while multiple starts increased 0.2 per cent compared to the same period last year.

Across the regions, on a year-to-date basis, actual urban starts were up in the Prairies (4.1 per cent), but were down in Quebec (13.6 per cent), Ontario (6.5 per cent), British Columbia (3.9 per cent), and the Atlantic (2.0 per cent).

New house prices in July remain strong

The year-over-year increase in the price of new homes, as measured by the New Housing Price index (NHPI), grew 4.7 per cent in July 2005, the same rate as June. Strong demand for housing, higher building material and labour costs, as well as increasing land values, contributed to the increase in house prices.

Existing Home Market

MLS® sales slow down in July

Seasonally adjusted MLS® (Multiple Listings Service) sales were down 2.7 per cent to 40,973 units in July, compared to 42,127 units in June.

Year-to-date MLS® actual sales from January to July 2005, at 296,941 units, were up 1.4 per cent from the same period in 2004.

MLS® new listings were down slightly in July

Seasonally adjusted MLS® new listings decreased slightly by 0.8 per cent in July to 62,975 units, compared to 63,489 units in the previous month.

Actual new listings for the first seven months of 2005 were up 3.5 per cent over the same period in 2004.

Sellers' market conditions across Canada continue to support strong growth in house prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[1].

Sellers' market continues to support rising house prices

— Sales-to-new-listings, Canada, % (left axis) · · · MLS® price, $ (right axis)

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

continued on page 3...

[1] Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

New listings are a gauge of supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada remained in sellers' market territory in July, at about 65 per cent. The Canada-wide average MLS® price increased by 9.4 per cent in the first seven months of 2005 compared to the same period in 2004.

Economic conditions

In August, employment increased by 27,500 jobs. This followed an increase of only 5,900 jobs in July. Full-time employment (35,500 jobs) contributed to the gain in August, while part-time employment (-8,100 jobs) fell. The sectors that saw substantial growth in August were the construction sector (32,000 jobs), the transportation and warehousing sector (14,000 jobs), the business, building and other support services sector (14,000 jobs), and the professional, scientific, and technical services sector (12,000 jobs).

The unemployment rate was unchanged at 6.8 per cent in August.

Employment in August 2005 was up 1.5 per cent compared to a year ago.

The seasonally adjusted employment-to-population ratio remains close to historical peak levels. In other words, a near record share of Canadians are employed, which is supporting high levels of consumer confidence and strong demand for housing.

The Bank of Canada raised its target for the overnight lending rate by a quarter of a percentage point to 2.75 per cent on September 7th. Higher than expected GDP growth in the second quarter and an economy that is operating close to full capacity were cited as factors prompting the hike in the rate. Nevertheless, monetary conditions remain stimulative.

In August, the price of goods and services included in the Consumer Price Index (CPI) basket increased 2.6 per cent compared to August 2004. The increase was mainly due to higher gasoline prices, while restaurant meal prices, and homeowners' replacement costs contributed as well. These increases were restrained by lower prices for computer equipment and supplies, and traveller accommodations. ■

Contributors: Ali Manouchehri Bob Dugan Julie Taylor

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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Product # 63830-2005-09

MORTGAGE LENDING

LOW MORTGAGE RATES LEND A HELPING HAND

By: Ali Manouchehri, Senior Economist, Capital Markets

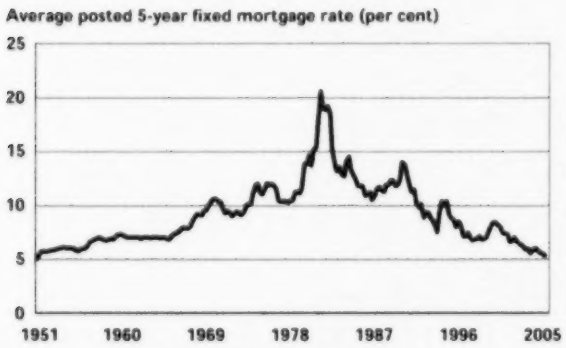
Residential mortgage credit grew by 1.9 per cent on a seasonally adjusted basis in the second quarter of 2005 compared with the previous quarter to reach nearly $612 billion as mortgage rates fell and housing markets remained healthy. As a result, residential mortgage debt expanded by 9.5 per cent in the second quarter of this year compared to the same quarter in 2004.

Low mortgage rates, appreciating house prices, and rising disposable income laid the foundation for strong housing markets and healthy growth in mortgage lending last quarter.

Five-year mortgage rate last quarter was the second lowest on record

The benchmark five-year mortgage rate decreased by almost 1/4 percentage point in the second quarter of 2005 compared to the previous quarter. The five-year posted mortgage rate, at 5.5 per cent in the second quarter of 2005 was down by over half a percentage point compared to the same period in 2004, to reach its lowest level since the second quarter of 1951.

The five-year mortgage rate in the second quarter of 2005 - second lowest on record



Sources: CMHC, Statistics Canada, Bank of Canada

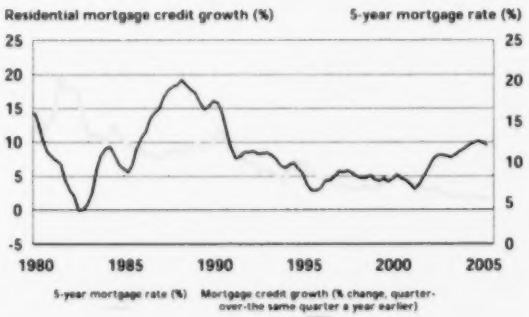
Low mortgage rates set the stage for strong housing markets

Low mortgage rates continued to support strong housing demand, which contributed to an increase of 11.5 per cent in the value of homes sold through MLS® on a seasonally adjusted basis in the second quarter of 2005 over the previous quarter. The average price of existing homes sold increased by 3.0 per cent in the second quarter, while the New Housing Price Index rose 1.3 per cent over the same period.

Vibrant housing markets led to higher mortgage credit

The strength in housing markets led to an increase of 1.9 per cent in mortgage credit outstanding on a seasonally adjusted basis in the second quarter of 2005 over the previous

Falling mortgage rates lift mortgage credit growth



Sources: CMHC, Statistics Canada, Bank of Canada

continued on page 6...

MORTGAGE LENDING

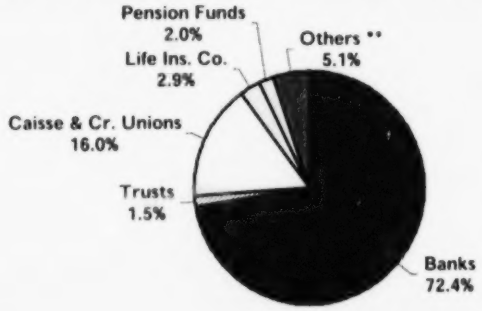
continued: LOW MORTGAGE RATES LEND A HELPING HAND

quarter. This raised residential mortgage debt to 9.5 per cent compared to the second quarter of 2004. Mortgage debt accounted for about 68 per cent of total household debt in the second quarter, which is less than the peak of 75 per cent in 1993.

Chartered banks led in market share

Recent trends in market share by institution type continued, with chartered banks accounting for 72.4 per cent of the mortgage loans outstanding by the second quarter of 2005. Credit unions retained their second place position, accounting for 16.0 per cent of residential mortgage loans outstanding. ■

Chartered banks held the largest share of residential mortgage credit*, 2nd quarter of 2005



* MBS and Special Purpose Vehicles are not included
Sources: CMHC, Statistics Canada, Bank of Canada

MARKET SHARE OF RESIDENTIAL MORTGAGE CREDIT (%)*

	2Q04	3Q04	4Q04	1Q05	2Q05e
Banks	72.4	72.5	72.6	72.4	72.4
Trusts	1.4	1.4	1.4	1.5	1.5
Caisses & Cr. Unions	15.7	15.8	15.9	16.0	16.0
Life Ins. Co.	3.2	3.1	3.1	3.0	2.9
Pension Funds	2.0	2.0	2.0	2.0	2.0
Others **	5.3	5.2	5.1	5.1	5.1

* Excludes Special Purpose Vehicles and NHA MBS

** Includes non-depository credit intermediaries

e: estimate

Sources: CMHC, Bank of Canada, Statistics Canada

INDICATORS OF MORTGAGE LENDING ACTIVITY

MORTGAGE CREDIT OUTSTANDING ($MILLIONS)*

	2002	2003	2004	2Q04	3Q04	4Q04	1Q05	2Q05e
Banks	306,748	329,679	352,527	346,652	356,543	365,828	367,406	372,115
Trusts	5,505	5,987	6,775	6,656	6,910	7,106	7,400	7,729
Caisse & Cr. Unions	63,331	69,143	76,624	75,315	77,858	79,878	80,995	82,473
Life Ins. Co.	16,755	15,781	15,421	15,387	15,355	15,462	15,329	15,122
Pension Funds	9,037	9,133	9,616	9,480	9,749	9,998	10,238	10,506
Others **	23,756	24,351	25,365	25,262	25,450	25,640	25,763	26,004
Special Purpose Vehicles	15,002	14,581	13,724	13,719	13,998	13,565	13,504	14,017
NHA MBS ***	39,318	49,850	68,471	66,110	71,005	74,884	79,777	83,841
TOTAL	479,451	518,504	568,523	558,580	576,869	592,361	600,412	611,807
% change (year-over-year)	7.5	8.1	9.6	9.6	9.9	10.1	9.9	9.5

* Average for the period, unadjusted
e: estimate
** Includes non-depository credit intermediaries
*** CMHC
Sources: CMHC, Bank of Canada, Statistics Canada

MORTGAGE RATES (%)*

	2002	2003	2004	2Q04	3Q04	4Q04	1Q05	2Q05
1-year	5.17	4.84	4.59	4.57	4.60	4.90	4.88	4.83
3-year	6.28	5.82	5.65	5.82	5.80	5.75	5.68	5.52
5-year	7.02	6.39	6.23	6.45	6.38	6.25	6.12	5.90

* Average of period
Sources: CMHC, Bank of Canada, Statistics Canada

NHA AND CONVENTIONAL MORTGAGE LOANS APPROVED*

		2002	2003	4Q03	1Q04	2Q04	3Q04	4Q04
By Type of Lender								
Banks	$ millions	97,527	114,364	26,790	29,132	41,581	34,440	27,048
	Units	825,115	878,923	200,369	212,967	302,485	241,374	193,243
Trusts	$ millions	3,840	4,083	1,127	1,400	1,720	1,415	1,099
	Units	36,346	37,580	9,723	11,621	13,287	10,986	8,348
Life Ins. & Others	$ millions	18,946	19,441	4,845	5,937	7,264	5,584	4,875
	Units	192,982	192,766	47,325	56,983	70,044	51,919	44,633
TOTAL	$ millions	120,313	137,888	32,762	36,469	50,565	41,439	33,022
	Units	1,054,443	1,109,269	257,417	281,571	385,816	304,279	246,224

* Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.
Source: CMHC NHA loan approval system and Conventional Lending Survey

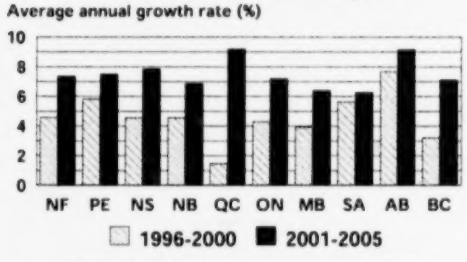
Provincial residential mortgage markets set to grow

Alberta and British Columbia will lead other provinces in mortgage credit growth in 2005-2006. Strong home sales and construction, and house price appreciation will support further mortgage lending in 2005-2006 by 7.0-10.0 per cent annually.

Across the ten provinces, growth in mortgage credit accelerated to an annual average rate of 7.7 per cent between the first quarter of 2001 and the first quarter of 2005 compared to 3.8 per cent in second half of the 1990s and 5.6 per cent in the first half of the 1990s.

The more rapid pace of mortgage credit growth in recent years corresponds to a more vibrant housing market across all provinces.

Residential mortgage credit growth rate has rebound in recent years



* Based on data for banks, credit unions, independent trusts and loan companies
Sources: CMHC, Bank of Canada, Statistics Canada
CMHC-MAC 2005

Alberta and Quebec have led other provinces in mortgage credit growth since 2001

Residential mortgage credit levels have followed housing market trends in each province and, accordingly have varied from province to province over time.

Vibrant housing markets in recent years caused provincial mortgage credit in Alberta and Quebec to grow by slightly over 9.0 per cent per year between the first quarter of 2001 and the first quarter of 2005, faster than any other province. In Quebec, this pushed total mortgage credit above that in British Columbia positioning the province second only to Ontario.

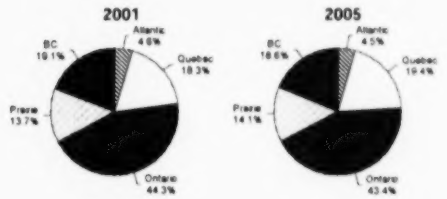
Changing financial landscape

Chartered banks have consolidated their status as the leader in mortgage lending by increasing their share of mortgage credit relative to credit unions, independent trusts and loan companies. However, market share by institution type varies from one province to another due to the nature and structure of housing and finance sectors in each province.

Results presented in this article are based on data for lenders who provide breakdowns by province. These include chartered banks, independent trust and mortgage companies, and credit unions. The mortgage credit outstanding for these institutions in the first quarter of 2005 reached $457.5 billion, representing approximately 76.2 per cent of the $600.4 billion total for all financial institutions.

This data excludes activities of insurance companies, pension funds, brokerages, segregated and investment funds, and financial corporations for which no provincial breakdowns are available. Securitized mortgages are also excluded due to the lack of provincial details.

Regional distribution of residential mortgage loans outstanding*



* Based on data for banks, credit unions, independent trusts and loan companies
Sources: CMHC, Bank of Canada, Statistics Canada
CMHC-MAC 2005

continued on page 8...

continued: Provincial residential mortgage markets set to grow

Alberta and British Columbia will lead in growth in 2005-2006 but Ontario holds the key to overall mortgage credit growth due to its size

Prairie regional mortgage market will remain vibrant

A strong Alberta economy has propelled the housing and mortgage markets in the province and the Prairie region as a whole over the last few years. The mortgage market in Alberta is expected to grow by about 10.0 per cent this year and by 7.0-10.0 in 2006. Alberta will lead the Prairie region's mortgage credit growth, followed by Manitoba and Saskatchewan where mortgage credit will grow at more moderate rates of 6.0-9.0 per cent annually.

The Prairie region as a whole is expected to experience mortgage credit growth of 9.0 per cent this year and 8.0 per cent in 2006.

British Columbia's mortgage market will grow at a healthy pace

B.C.'s mortgage market grew fast and residential loans expanded at an annual rate of 7.0 per cent in the first half of this decade, more than double its pace in the second half of the 1990s. Home construction, sales, and prices are expected to remain strong in 2005-2006, leading to an annual growth rate of 9.0-10.0 per cent in mortgage credit. The strong pace of the housing and mortgage market in B.C. will have an appreciable impact on the national mortgage market since the province now accounts for nearly 19.0 per cent of the national mortgage credit outstanding.

Ontario accounts for the lion's share of the market

Ontario's vibrant economy has led to a vibrant housing market, healthy mortgage lending activity and strong mortgage credit growth in recent years. Ontario now accounts for over 43.0 per cent of mortgage credit outstanding for all provinces.

While housing starts and home sales are expected to slow in 2005-2006, house prices are forecast to rise in Ontario supporting mortgage credit growth of 6.0-8.0 per cent this year and 4.0-7.0 per cent next year.

Quebec's mortgage market will benefit from rising prices

Quebec's mortgage market grew at a faster pace than the national average in recent years, following a pattern similar to its housing market.

Mortgage credit in Quebec is forecast to grow by nearly 10.0 per cent this year prior to easing to the 5.0-8.0 per cent range in 2006. Slower growth in mortgage credit in 2006 reflects a slowing in both housing starts and existing home sales. However, rising home prices will provide an offset and support mortgage credit growth.

The Atlantic region will enjoy moderate mortgage credit growth

The mortgage market in the Atlantic region has grown at a pace close to the national average since 2001. The slower pace of home construction and sales in the region will ease growth in mortgage credit to an annual rate of 4.0-8.0 per cent in 2005-2006. ■

Mortgage credit outstanding ($ millions)*

Year	1991	2006
NF	1,796	3,923
PEI	499	1,271
NS	4,857	9,969
NB	2,731	5,895
QC	46,673	75,601
ON	101,079	205,634
MB	5,619	8,983
SA	4,410	6,954
AB	16,015	49,965
BC	29,926	86,197

* Data in the table includes banks, credit unions, independent trusts and loan companies
Sources: Bank of Canada, Statistics Canada.
All calculations and foecasts for 2005-06 are pepared by CMHC

This Month's Housing Data (SAAR)

	2004	Q4:04	Q1:05	Q2:05	M6:05	M7:05	M8:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**236.9**	**213.3**	**235.4**	**241.3**	**242.6**	**201.0**
Per cent change from previous period	6.9	0.3	-10.0	10.4	7.0	0.5	-17.1
Canada. Total. Rural areas	**29.0**	**30.4**	**28.7**	**34.1**	**34.1**	**30.7**	**30.7**
Per cent change from previous period	9.5	-7.0	-5.6	18.8	0.0	-10.0	0.0
Canada. Total. Urban areas	**204.4**	**206.5**	**184.6**	**201.3**	**207.2**	**211.9**	**170.3**
Per cent change from previous period	6.5	1.4	-10.6	9.0	8.3	2.3	-19.6
Canada. Single. Urban areas	**103.9**	**102.5**	**93.4**	**98.6**	**98.4**	**89.6**	**85.4**
Per cent change from previous period	3.6	-2.6	-8.9	5.6	0.0	-8.9	-4.7
Canada. Multiple. Urban areas	**100.5**	**104.0**	**91.2**	**102.7**	**108.8**	**122.3**	**84.9**
Per cent change from previous period	9.7	5.7	-12.3	12.6	17.0	12.4	-30.6
Newfoundland. Total. All areas	**2.9**	**2.9**	**3.1**	**2.5**	**2.3**	**2.2**	**2.5**
Per cent change from previous period	6.6	0.0	6.9	-19.4	-14.8	-4.3	13.6
Prince Edward Island. Total. All areas	**0.9**	**0.7**	**1.5**	**1.0**	**1.0**	**0.7**	**1.0**
Per cent change from previous period	12.9	-12.5	114.3	-33.3	-16.7	-30.0	42.9
Nova Scotia. Total. All areas	**4.7**	**4.7**	**4.0**	**5.4**	**4.0**	**5.0**	**5.9**
Per cent change from previous period	-7.4	-4.1	-14.9	35.0	-25.9	25.0	18.0
New Brunswick. Total. All areas	**3.9**	**4.0**	**3.2**	**4.3**	**4.3**	**4.0**	**4.2**
Per cent change from previous period	-12.1	-7.0	-20.0	34.4	-6.5	-7.0	5.0
Quebec. Total. All areas	**58.4**	**60.6**	**55.1**	**52.6**	**51.9**	**56.2**	**48.3**
Per cent change from previous period	16.2	0.2	-9.1	-4.5	9.3	8.3	-14.1
Ontario. Total. All areas	**85.1**	**84.4**	**71.3**	**88.2**	**103.6**	**94.5**	**61.9**
Per cent change from previous period	-0.1	-1.6	-15.5	23.7	38.7	-8.8	-34.5
Manitoba. Total. All areas	**4.4**	**4.0**	**4.3**	**4.4**	**5.1**	**6.0**	**5.8**
Per cent change from previous period	5.6	-29.8	7.5	2.3	27.5	17.6	-3.3
Saskatchewan. Total. All areas	**3.8**	**4.2**	**2.5**	**3.3**	**4.3**	**2.9**	**3.2**
Per cent change from previous period	14.1	31.3	-40.5	32.0	53.6	-32.6	10.3
Alberta. Total. All areas	**36.3**	**39.6**	**36.7**	**41.6**	**34.3**	**35.5**	**35.7**
Per cent change from previous period	0.3	14.1	-7.3	13.4	-27.6	3.5	0.6
British Columbia. Total. All areas	**32.9**	**31.8**	**31.6**	**32.1**	**30.5**	**35.5**	**32.4**
Per cent change from previous period	25.8	-5.1	-0.6	1.6	-13.4	16.4	-8.7

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q4:04	Q1:05	Q2:05	M6:05	M7:05	M8:05
Canada	204.4	206.5	184.6	201.3	207.2	211.9	170.3
Newfoundland	2.1	2.2	2.5	1.7	1.5	1.6	1.9
Prince Edward Island	0.6	0.4	1.1	0.5	0.5	0.4	0.7
Nova Scotia	3.3	3.1	2.5	3.9	2.5	3.3	4.2
New Brunswick	2.6	2.5	1.8	3.0	3.0	2.7	2.9
Québec	46.7	49.3	41.6	40.0	39.3	45.3	37.4
Ontario	79.9	77.2	69.4	81.3	96.7	89.1	56.5
Manitoba	2.9	2.6	2.7	2.7	3.4	4.1	3.9
Saskatchewan	3.1	3.3	2.0	2.8	3.8	2.2	2.5
Alberta	32.2	35.6	32.0	35.8	28.5	30.3	30.5
British Columbia	30.9	30.3	29.0	29.6	28.0	32.9	29.8

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2004	Q4:04	Q1:05	Q2:05	M6:05	M7:05	M8:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.7	5.7	5.5	5.3	5.1	4.9
Per cent change from same period previous year	9.3	12.6	12.5	4.1	1.8	3.0	-2.0
New & unoccupied row & apartments, units 000s	6.7	8.3	8.8	9.3	9.0	9.5	9.5
Per cent change from same period previous year	18.9	37.1	49.6	54.0	40.5	44.6	43.5
New House Price Index, 1997=100	123.2	125.4	126.5	128.4	129.3	129.5	n.a.
Per cent change from same period previous year	5.5	5.4	5.1	4.7	4.7	4.7	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	451.3	454.3	491.6	505.5	491.7	n.a.
Per cent change from same period previous year	6.0	0.6	-0.1	2.9	6.2	5.9	n.a.
MLS® average resale price*, $C 000s	226.2	233.1	239.2	246.5	246.6	247.7	n.a.
Per cent change from same period previous year	9.2	8.1	8.8	8.9	10.0	11.6	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.90	4.88	4.83	4.75	4.90	5.00
5-Year Mortgage Rate, % (period average)	6.23	6.25	6.12	5.90	5.70	5.80	5.80

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.

NHA MBS STATISTICS

NHA MORTGAGE-BACKED SECURITIES

(Average of period except when indicated)

		2003	2004	2Q04	3Q04	4Q04	1Q05	2Q05
OUTSTANDING AMOUNT (End of period)								
TOTAL	$million	59,757	78,612	69,167	73,903	78,612	82,788	86,375
	Units	1,163	1,602	1,334	1,479	1,602	1,753	1,891
Residential, single (with PIP *)	$million	1,165	1,669	1,428	1,633	1,669	1,665	1,580
	Units	132	151	140	150	151	151	151
Residential, single (no PIP)	$million	91	18	46	33	18	16	14
	Units	75	37	60	49	37	33	32
Residential, single (no PIP with indemnity)	$million	16,813	16,500	16,440	16,044	16,500	16,788	16,289
	Units	287	346	309	327	346	371	375
Residential, single (no PIP with indemnity, 5-yea	$million	31,029	45,106	38,430	41,365	45,106	48,486	50,454
	Units	268	613	404	508	613	736	830
Residential, multiple	$million	2,253	2,233	2,267	2,226	2,233	2,209	2,169
	Units	144	147	148	148	147	144	143
Social Housing	$million	4,591	4,373	4,551	4,491	4,373	4,173	4,129
	Units	93	85	90	88	85	82	81
Mixed	$million	2,299	2,578	2,476	2,530	2,578	2,580	2,644
	Units	157	172	162	167	172	176	181
Variable rate	$million	1,516	6,135	3,529	5,581	6,135	6,871	8,894
	Units	7	51	21	42	51	60	85
Adjustable rate	$million	0	0	0	0	0	0	202
	Units	0	0	0	0	0	0	13
ISSUES (Total of period)								
TOTAL	$million	32,702	37,713	9,681	9,642	9,436	8,035	9,497
	Units	348	594	143	187	159	176	167
Residential, single (with PIP)	$million	532	910	304	296	104	56	30
	Units	33	49	15	19	6	4	2
Residential, single (no PIP)	$million	0	0	0	0	0	0	0
	Units	0	0	0	0	0	0	0
Residential, single (no PIP with indemnity)	$million	5,922	6,705	1,267	1,255	1,703	1,224	1,009
	Units	75	106	23	28	28	30	19
Residential, single (no PIP with indemnity, 5-yea	$million	23,471	23,722	6,186	5,532	6,558	5,621	5,448
	Units	178	346	81	105	105	125	99
Residential, multiple	$million	481	181	97	5	35	0	0
	Units	25	10	4	1	2	0	0
Social Housing	$million	194	244	45	132	44	52	141
	Units	7	8	2	4	1	3	3
Mixed	$million	545	529	166	105	110	52	94
	Units	23	31	7	9	8	5	6
Variable rate	$million	1,557	5,422	1,617	2,317	882	1,030	2,569
	Units	7	44	11	21	9	9	25
Adjustable rate	$million	0	0	0	0	0	0	207
	Units	0	0	0	0	0	0	13
YIELDS (5-year maturity,%)								
MBS Prepayable		4.38	4.26	4.38	4.42	4.31	4.10	3.82
MBS Non-prepayable		4.26	4.09	4.22	4.25	4.12	3.91	3.63
Mortgage rates		6.39	6.23	6.45	6.38	6.25	6.12	5.90
GOCs		4.00	3.82	3.95	3.97	3.84	3.66	3.39
SPREADS OVER GOC (5-year maturity,%)								
Prepayable		0.38	0.44	0.43	0.45	0.47	0.44	0.43
Non-prepayable		0.26	0.28	0.27	0.29	0.27	0.25	0.24
Mortgage rates		2.39	2.42	2.50	2.42	2.41	2.46	2.51

* PIP stands for Penalty Interest Payments

Sources: CMHC, Bank of Canada, Statistics Canada

NHA MORTGAGE-BACKED SECURITIES

JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: July 2005						
:et Residential Pools (Single Units)						
964-14602	Alberta Motor Assoc.Insur.Comp	27,070,407.67	3.45	2007-07-01	4.75	23.43
964-14610	Alberta Motor Assoc.Insur.Comp	6,063,647.51	3.55	2007-07-01	4.81	23.32
964-14628	ResMor Trust Company	20,767,286.45	3.95	2009-07-01	5.33	23.12
964-14644	ResMor Trust Company	14,342,947.56	3.95	2009-07-01	5.37	23.31
964-14651	ResMor Trust Company	20,819,095.62	4.10	2009-07-01	5.60	23.50
964-14669	ResMor Trust Company	13,884,025.32	3.38	2007-07-01	4.78	23.47
arket Residential Pools (Mixed)						
965-02349	Peoples Trust Company	12,688,241.51	3.75	2009-06-01	4.64	19.08
965-02364	Equitable Trust Company (The)	20,469,763.43	4.25	2009-07-01	5.10	21.40
965-02372	Equitable Trust Company (The)	2,477,691.00	3.70	2007-07-01	4.40	20.25
it Residential Pools (Multiple Units)						
966-02412	Peoples Trust Company	5,462,275.00	5.00	2014-07-01	5.88	25.00
al Pools (NO PIP WITH 3 YEAR INDEMNITY)						
970-05383	National Bank of Canada	15,685,346.02	4.30	2007-11-01	5.96	19.88
970-05391	National Bank of Canada	27,914,611.43	3.50	2007-11-01	5.00	20.42
970-05409	National Bank of Canada	11,111,092.36	3.75	2007-11-01	5.01	10.96
970-05417	National Bank of Canada	17,074,056.77	3.30	2007-05-01	4.60	21.14
970-05425	National Bank of Canada	9,378,485.84	4.15	2007-05-01	5.54	19.43
970-05433	National Bank of Canada	9,929,601.08	3.25	2006-09-01	4.29	20.48
970-05441	National Bank of Canada	9,212,904.63	3.25	2006-09-01	4.41	10.76
970-05458	National Bank of Canada	8,688,231.01	3.60	2006-11-01	4.89	10.33
970-05466	National Bank of Canada	9,403,768.14	3.05	2006-05-01	4.24	10.53
970-05474	National Bank of Canada	9,663,104.31	3.95	2006-04-01	5.35	19.58
970-05516	M.R.S. Trust Company	7,078,746.75	4.00	2009-07-01	4.96	21.50
970-05524	Bank of Nova Scotia	6,983,492.08	4.00	2008-09-01	5.22	17.69
970-05532	Bank of Nova Scotia	31,360,261.41	4.00	2009-03-01	4.68	21.79
970-05540	Bank of Nova Scotia	39,522,098.36	3.75	2008-12-01	4.36	20.81
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-04120	National Bank of Canada	26,496,680.26	4.15	2007-11-01	5.67	20.43
975-04138	National Bank of Canada	12,782,095.98	3.15	2007-05-01	4.31	21.94
975-04146	National Bank of Canada	14,288,908.20	3.25	2006-09-01	4.69	21.19
975-04153	Royal Bank of Canada	40,351,089.50	2.90	2007-06-01	4.32	22.68
975-04161	Royal Bank of Canada	40,133,291.58	4.00	2007-03-01	5.29	11.29
975-04179	Royal Bank of Canada	28,622,034.33	3.70	2007-03-01	5.14	20.21
975-04187	Cdn.Imperial Bank of Commerce	26,560,771.82	2.79	2005-07-01	3.92	22.54
975-04195	Cdn.Imperial Bank of Commerce	10,991,423.89	3.45	2006-06-01	5.50	10.20
975-04203	Cdn.Imperial Bank of Commerce	103,452,976.26	4.00	2008-12-01	5.03	21.33

*PIP stands for Penalty Interest Payments
Source: CMHC

Definition of NHA MBS pool types

964 - Comprised exclusively of homeowner mortgages, any Penalty Interest Payments (PIP) from early prepayment are passed through to the investor

967 - Comprised exclusively of homeowner mortgages, all Penalty Interest Payments (PIP) from early prepayment are retained by the issuer

970 - Comprised exclusively of homeowner mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core provisions

975 - Comprised exclusively of homeowner mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions (5-year term)

966 - Comprised exclusively multi-family rental mortgages, pools mortgages are closed to prepayment options

990 - Comprised exclusively social housing mortgages, pools and mortgages are closed to prepayment options

965 - Mixed Pools, these pools can be comprised of any of the above types of mortgages

985 - Comprised exclusively of equal monthly payment variable rate homeowner mortgages

NHA MORTGAGE-BACKED SECURITIES

JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: July 2005						
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-04211	Toronto-Dominion Bank	305,658,529.97	3.75	2009-06-01	4.82	22.21
975-04229	Toronto-Dominion Bank	62,635,708.63	4.05	2009-06-01	5.25	11.33
975-04237	Toronto-Dominion Bank	18,649,309.20	3.70	2008-06-01	4.81	10.76
975-04245	Toronto-Dominion Bank	40,393,330.71	3.50	2008-06-01	4.78	21.30
975-04252	Toronto-Dominion Bank	19,643,694.55	3.65	2008-01-01	4.65	22.22
975-04260	Toronto-Dominion Bank	25,537,067.22	3.50	2007-06-01	4.59	21.71
975-04278	Toronto-Dominion Bank	33,858,671.00	3.50	2007-06-01	4.69	10.20
975-04286	Canada Trustco Mortgage Co.	70,264,540.57	3.75	2009-06-01	4.89	11.42
975-04294	Canada Trustco Mortgage Co.	41,965,714.73	3.50	2009-06-01	5.00	17.74
975-04302	Toronto-Dominion Bank	106,147,250.94	3.80	2009-06-01	4.79	22.94
975-04310	Toronto-Dominion Bank	25,420,844.85	3.35	2006-06-01	4.80	19.70
975-04328	Toronto-Dominion Bank	29,704,921.60	3.25	2006-03-01	4.76	19.71
975-04336	Toronto-Dominion Bank	27,624,476.90	2.95	2005-09-01	4.52	19.33
975-04344	Toronto-Dominion Bank	25,862,706.30	3.25	2006-03-01	4.71	10.06
975-04351	Toronto-Dominion Bank	34,071,459.88	3.10	2005-12-01	4.70	9.92
975-04369	Toronto-Dominion Bank	32,604,670.53	3.10	2005-12-01	4.65	19.98
975-04377	Toronto-Dominion Bank	27,084,334.95	2.95	2005-09-01	4.58	8.95
975-04385	Canada Trustco Mortgage Co.	25,492,227.27	3.55	2006-11-01	5.39	18.12
975-04393	Home Trust Company	23,849,045.18	3.50	2007-07-01	6.13	23.32
NHA-Insured Variable Rate Pools (VRMBS)						
985-00234	Cdn.Imperial Bank of Commerce	18,513,709.09	2.23	2009-03-01	2.93	19.15
985-00242	Cdn.Imperial Bank of Commerce	46,459,542.50	2.23	2008-03-01	3.50	18.02
985-00259	Toronto-Dominion Bank	36,389,750.38	2.05	2008-12-01	3.17	19.56
985-00267	Toronto-Dominion Bank	85,483,252.07	2.05	2008-03-01	3.09	20.06
985-00275	Toronto-Dominion Bank	178,829,452.21	2.05	2007-11-01	3.09	20.19
985-00283	Toronto-Dominion Bank	84,073,674.67	2.05	2008-06-01	3.13	19.83
Social Housing Pools						
990-08757	Toronto-Dominion Bank	42,684,126.28	4.38	2009-07-01	4.88	22.96
990-08765	Bank of Nova Scotia	18,634,269.32	5.05	2014-07-01	5.57	24.52
Month of Issue: August 2005						
NHA-Insured Market Residential Pools (Single Units)						
964-14677	Alberta Motor Assoc.Insur.Comp	19,998,139.82	4.20	2009-08-01	5.57	23.60
964-14685	Alberta Motor Assoc.Insur.Comp	19,994,625.95	3.50	2007-08-01	4.99	24.03
964-14693	Alberta Motor Assoc.Insur.Comp	5,402,603.25	3.65	2009-08-01	5.25	23.78
964-14701	ResMor Trust Company	22,902,869.09	4.25	2009-08-01	5.77	23.16
964-14719	Alberta Motor Assoc.Insur.Comp	9,347,113.98	3.60	2007-08-01	5.35	23.79
964-14727	Alberta Motor Assoc.Insur.Comp	10,093,285.13	4.13	2009-08-01	6.00	23.85
964-14743	ResMor Trust Company	18,586,571.72	3.60	2007-08-01	5.07	23.45
964-14792	ResMor Trust Company	15,911,498.10	4.10	2009-08-01	5.90	23.35
NHA-Insured Market Residential Pools (Mixed)						
965-02380	Peoples Trust Company	19,475,712.30	4.63	2014-08-01	5.72	22.88
965-02398	Equitable Trust Company (The)	2,721,396.87	3.25	2006-12-01	3.97	25.00
965-02406	Equitable Trust Company (The)	16,663,401.84	5.00	2014-08-01	5.78	20.93
965-02414	Equitable Trust Company (The)	11,396,091.09	4.25	2009-03-01	5.00	23.45
965-02422	Peoples Trust Company	10,499,481.15	3.75	2009-08-01	5.17	21.55

*PIP stands for Penalty Interest Payments

Source: CMHC

NHA MORTGAGE-BACKED SECURITIES

JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: August 2005						
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-04013	Canada Trustco Mortgage Co.	19,724,963.25	3.55	2008-07-01	4.91	10.42
975-04401	Royal Bank of Canada	98,579,099.19	3.70	2007-07-01	5.05	19.18
975-04419	Royal Bank of Canada	97,634,646.33	4.20	2007-03-01	5.12	20.23
975-04427	Cdn.Imperial Bank of Commerce	32,267,266.20	2.45	2005-05-01	3.80	22.32
975-04435	Cdn.Imperial Bank of Commerce	11,508,470.72	2.50	2005-05-01	3.85	10.31
975-04443	Cdn.Imperial Bank of Commerce	13,624,544.38	3.44	2006-07-01	5.11	20.18
975-04450	Cdn.Imperial Bank of Commerce	6,033,253.93	3.43	2006-07-01	6.77	20.74
975-04468	Cdn.Imperial Bank of Commerce	7,737,595.20	3.44	2006-07-01	4.78	10.09
975-04476	Cdn.Imperial Bank of Commerce	13,030,228.40	3.75	2008-03-01	5.38	21.75
975-04484	Cdn.Imperial Bank of Commerce	12,348,672.59	3.25	2006-08-01	4.81	22.69
975-04492	Cdn.Imperial Bank of Commerce	49,962,124.70	3.75	2008-08-01	5.16	21.51
975-04500	Cdn.Imperial Bank of Commerce	19,436,699.96	2.75	2005-08-01	4.05	22.67
975-04518	Cdn.Imperial Bank of Commerce	63,182,383.34	3.75	2007-08-01	5.12	23.22
975-04526	Toronto-Dominion Bank	379,409,342.24	3.75	2009-07-01	4.87	22.60
975-04534	Toronto-Dominion Bank	51,332,342.88	3.90	2009-07-01	5.31	11.63
975-04542	Toronto-Dominion Bank	17,019,223.52	3.50	2008-07-01	4.84	22.08
975-04559	Toronto-Dominion Bank	10,715,306.58	4.00	2008-07-01	5.35	10.89
975-04567	Toronto-Dominion Bank	18,447,334.67	3.90	2008-02-01	5.54	11.12
975-04575	Toronto-Dominion Bank	35,706,128.77	3.50	2007-07-01	4.61	22.46
975-04583	Toronto-Dominion Bank	11,686,839.66	3.60	2007-08-01	4.56	21.24
975-04591	Toronto-Dominion Bank	135,992,671.75	3.50	2009-07-01	4.88	23.20
975-04609	Toronto-Dominion Bank	18,400,226.49	3.85	2009-07-01	5.08	11.59
975-04617	Toronto-Dominion Bank	12,484,419.53	3.75	2008-02-01	4.90	22.00
975-04625	Toronto-Dominion Bank	26,652,663.25	3.50	2007-07-01	4.43	22.81
975-04633	Toronto-Dominion Bank	25,870,841.05	3.55	2007-03-01	4.52	22.76
975-04641	Toronto-Dominion Bank	23,996,324.33	3.50	2006-11-01	4.44	22.68
975-04658	Toronto-Dominion Bank	22,693,329.88	3.40	2006-07-01	4.63	21.88
975-04666	Toronto-Dominion Bank	14,091,562.36	3.30	2006-04-01	4.79	21.34
975-04674	Canada Trustco Mortgage Co.	20,995,123.53	4.25	2009-07-01	5.50	17.93
975-04682	Canada Trustco Mortgage Co.	39,841,459.31	4.20	2009-07-01	5.39	11.71
975-04690	Canada Trustco Mortgage Co.	12,665,225.13	3.50	2007-07-01	4.97	17.91
975-04708	Canada Trustco Mortgage Co.	18,061,050.75	3.95	2008-02-01	5.49	17.91
975-04716	Canada Trustco Mortgage Co.	22,711,455.77	3.50	2007-07-01	4.85	9.65
975-04724	Toronto-Dominion Bank	14,420,783.28	3.45	2006-07-01	4.74	21.11
975-04732	Home Trust Company	40,138,771.48	3.90	2009-08-01	6.41	24.17
975-04740	Home Trust Company	8,408,455.88	3.20	2007-06-01	6.35	23.88
975-04757	Home Trust Company	10,477,140.88	3.30	2007-08-01	6.24	23.72
Social Housing Pools						
990-08773	Bank of Nova Scotia	7,836,412.17	4.05	2009-08-01	4.62	18.15
Month of Issue: September 2005						
NHA-Insured Market Residential Pools (Single Units)						
964-14735	Alberta Motor Assoc.Insur.Comp	10,173,685.85	3.80	2007-09-01	5.29	23.90
964-14750	Vancouver City Savings CU	15,377,595.77	3.70	2009-06-01	4.49	21.76
964-14768	Vancouver City Savings CU	18,608,125.94	3.80	2009-07-01	4.46	23.46
964-14776	Alberta Motor Assoc.Insur.Comp	18,331,739.87	4.00	2009-09-01	5.73	23.91
964-14784	Alberta Motor Assoc.Insur.Comp	8,379,379.00	4.20	2009-09-01	5.77	23.21
NHA-Insured Market Residential Pools (Mixed)						
965-02430	Peoples Trust Company	8,591,718.89	3.88	2009-09-01	4.91	22.70

*PIP stands for Penalty Interest Payments

Source: CMHC

NHA MORTGAGE-BACKED SECURITIES

JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: September 2005						
NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)						
970-05573	Maple Bank GmbH	22,661,390.50	3.05	2005-08-01	7.32	18.63
970-05599	Bank of Nova Scotia	181,171,123.03	4.25	2009-08-01	5.04	21.62
970-05607	Bank of Nova Scotia	260,681,152.56	4.35	2009-08-01	5.90	21.95
970-05615	Bank of Nova Scotia	121,850,442.84	4.35	2009-08-01	5.03	21.96
970-05623	Bank of Nova Scotia	138,715,705.50	4.35	2009-08-01	5.84	20.57
970-05631	National Bank of Canada	69,946,234.05	3.60	2009-06-01	4.78	21.39
970-05649	National Bank of Canada	44,796,571.73	3.55	2008-12-01	4.84	20.81
970-05656	National Bank of Canada	64,094,557.87	3.60	2009-06-01	5.55	20.58
970-05664	National Bank of Canada	23,532,783.52	3.25	2007-07-01	4.65	21.65
970-05672	National Bank of Canada	41,944,687.74	3.60	2009-06-01	5.17	11.46
970-05680	National Bank of Canada	15,025,740.68	3.00	2006-07-01	4.20	20.78
970-05698	National Bank of Canada	20,313,639.66	3.50	2008-07-01	4.91	21.23
970-05714	HSBC Bank Canada	18,670,391.37	4.20	2009-09-01	5.04	21.93
970-05722	Toronto-Dominion Bank	18,834,710.08	3.50	2007-03-01	4.32	22.83
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-04765	Royal Bank of Canada	414,548,451.78	4.07	2009-08-01	4.90	22.25
975-04773	Royal Bank of Canada	93,105,280.70	4.00	2008-08-01	4.81	22.29
975-04781	Royal Bank of Canada	57,292,171.31	4.00	2008-03-01	4.83	21.29
975-04799	Royal Bank of Canada	94,713,670.92	4.00	2009-02-01	5.00	21.02
975-04807	La Capitale MFQ Insurance Inc.	48,254,937.92	3.90	2009-09-01	4.98	23.18
975-04815	Royal Bank of Canada	170,432,981.04	4.07	2009-08-01	4.83	21.68
975-04823	Cdn.Imperial Bank of Commerce	12,041,692.57	3.29	2006-09-01	6.01	21.27
975-04831	Cdn.Imperial Bank of Commerce	6,970,326.41	3.35	2007-01-01	5.37	10.84
975-04849	Cdn.Imperial Bank of Commerce	5,930,365.28	3.38	2007-01-01	5.37	21.70
975-04856	Cdn.Imperial Bank of Commerce	4,109,969.17	3.44	2007-03-01	5.67	19.75
975-04864	Cdn.Imperial Bank of Commerce	20,750,874.22	3.65	2007-09-01	5.29	23.53
975-04872	Cdn.Imperial Bank of Commerce	11,884,784.88	3.61	2007-09-01	5.17	23.01
975-04880	Cdn.Imperial Bank of Commerce	4,638,514.65	4.02	2009-03-01	5.35	20.76
975-04898	National Bank of Canada	11,120,811.40	3.05	2007-08-01	4.37	22.37
975-04906	HSBC Bank Canada	39,514,375.81	4.20	2009-09-01	4.95	21.91
975-04914	HSBC Bank Canada	15,031,450.06	4.20	2009-09-01	4.89	22.60
975-04922	Bank of Montreal	51,799,564.66	3.70	2009-07-01	4.97	23.66
975-04930	Bank of Montreal	96,698,038.12	3.70	2009-07-01	4.98	23.24
975-04948	Maple Bank GmbH	307,684,902.46	3.85	2009-09-01	4.73	22.44
975-04955	Maple Bank GmbH	15,184,756.23	3.85	2009-08-01	4.83	12.47
975-04963	Maple Bank GmbH	69,300,188.36	3.85	2009-09-01	4.87	21.32
975-04971	Cdn.Imperial Bank of Commerce	2,716,915.40	3.35	2006-09-01	5.05	21.57
975-04989	Cdn.Imperial Bank of Commerce	38,955,848.40	3.80	2007-12-01	5.46	20.60
975-04997	Toronto-Dominion Bank	705,560,603.07	3.50	2009-08-01	4.75	22.33
975-05002	Toronto-Dominion Bank	44,130,254.23	3.50	2007-09-01	4.54	22.33
975-05010	Toronto-Dominion Bank	15,077,521.58	3.50	2007-09-01	4.80	10.26
975-05028	Canada Trustco Mortgage Co.	7,393,296.39	3.50	2007-03-01	4.76	10.33
975-05036	Toronto-Dominion Bank	11,259,369.90	3.50	2007-03-01	4.42	22.61
975-05044	Toronto-Dominion Bank	5,722,044.12	3.50	2007-03-01	4.54	10.42
975-05051	Toronto-Dominion Bank	9,804,658.77	3.50	2006-11-01	4.43	9.55
975-05069	Toronto-Dominion Bank	6,127,411.32	3.50	2006-11-01	4.42	22.52
975-05077	Canada Trustco Mortgage Co.	29,349,862.97	4.00	2009-08-01	5.36	11.89
975-05085	Canada Trustco Mortgage Co.	17,624,946.60	4.00	2009-08-01	5.42	17.53
975-05093	Toronto-Dominion Bank	12,280,588.52	3.80	2008-12-01	4.93	11.04
975-05101	Toronto-Dominion Bank	43,355,577.65	3.80	2008-12-01	4.92	20.85
975-05119	Toronto-Dominion Bank	137,379,633.66	3.75	2009-08-01	4.84	11.50

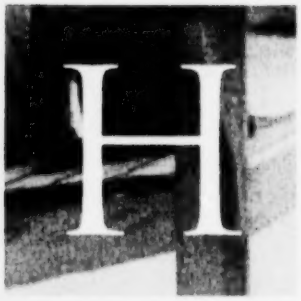
*PIP stands for Penalty Interest Payments
Source: CMHC

NHA MORTGAGE-BACKED SECURITIES

JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: September 2005						
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-05127	Toronto-Dominion Bank	15,983,987.83	3.55	2008-09-01	4.73	22.63
975-05135	Toronto-Dominion Bank	115,312,545.48	3.75	2009-08-01	4.96	23.33
975-05143	Maple Trust Company	28,250,340.22	3.29	2007-09-01	4.34	22.70
975-05150	Maple Trust Company	16,967,496.73	3.29	2007-05-01	4.51	22.65
NHA-Insured Variable Rate Pools (VRMBS)						
985-00291	Cdn.Imperial Bank of Commerce	736,008,392.98	2.35	2009-09-01	2.77	20.05
985-00309	Cdn.Imperial Bank of Commerce	234,271,178.64	2.35	2009-09-01	2.76	12.04
985-00317	Cdn.Imperial Bank of Commerce	77,064,599.64	2.35	2009-09-01	2.76	20.24
985-00325	Cdn.Imperial Bank of Commerce	18,920,889.63	2.35	2009-09-01	2.76	12.33
985-00333	Bank of Montreal	105,040,802.48	2.25	2009-06-01	3.38	10.69
985-00341	Bank of Montreal	45,366,961.68	2.25	2009-06-01	3.38	11.83
985-00358	Bank of Montreal	138,912,454.52	2.25	2009-06-01	3.38	18.72
985-00366	Bank of Montreal	30,123,067.73	2.25	2009-06-01	3.38	18.66
985-00374	Bank of Montreal	35,240,622.82	2.25	2009-08-01	3.38	18.56
985-00382	Toronto-Dominion Bank	283,386,700.30	2.17	2009-08-01	3.08	22.82
985-00390	Toronto-Dominion Bank	59,126,669.22	2.17	2009-07-01	3.08	11.84
985-00408	Toronto-Dominion Bank	38,184,887.11	2.17	2008-03-01	3.13	11.30
985-00416	Toronto-Dominion Bank	12,981,135.09	2.17	2008-12-01	3.18	10.79
985-00424	Toronto-Dominion Bank	14,490,598.35	2.17	2008-12-01	3.15	19.56
985-00432	Toronto-Dominion Bank	37,677,755.31	2.17	2008-03-01	3.12	19.99
Social Housing Pools						
990-08781	Bank of Nova Scotia	63,077,390.02	4.65	2014-09-01	5.19	22.39

*PIP stands for Penalty Interest Payments
Source: CMHC



HOUSING NOW

Canada

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

www.cmhc.ca

OCTOBER 2005

Canadian Market Overview

New Home Market

Housing starts up sharply

The seasonally adjusted annual rate[1] of housing starts was 229,600 units in September, up from 205,400 units in August.

Housing starts across Canada remain strong and are on track with our expectations for the year. Low mortgage rates and increasing full-time employment in recent years are continuing to fuel high levels of housing starts in 2005.

Both urban single and multiple starts rose in September

The seasonally adjusted annual rate of urban starts rose 13.8 per cent to 199,800 units in September, due to strong increases in both multiple and single starts. Multiple starts rose 17.6 per cent to 103,400 units, while single starts were up 9.9 per cent to 96,400 units in

continued on page 2...

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How has the residential real estate market stacked up against the equity market in Canada? ---------- 6

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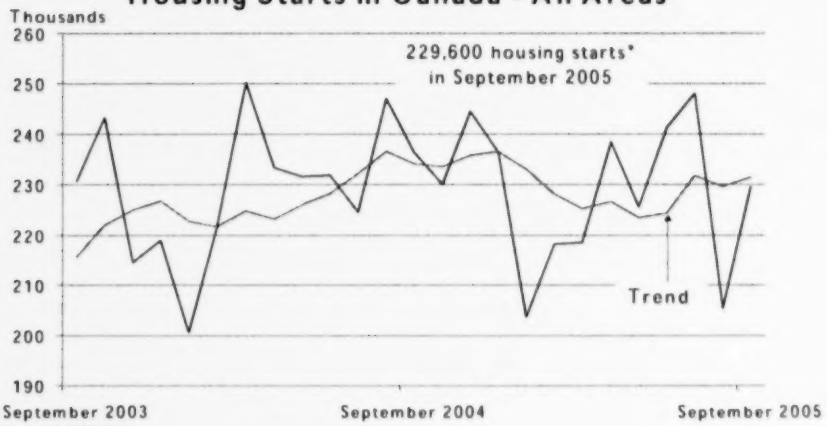
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

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HOME TO CANADIANS

September compared to August. The stronger performance of multiple starts compared to single starts is the result of rising house prices which can shift demand toward less expensive multi-family homes. Urban multiple starts are poised to outnumber urban single starts in 2005 for the first time since 1993.

Urban starts increased in the Prairies, Quebec, Ontario, and British Columbia

Urban housing starts were up across all regions except for the Atlantic in September. Housing starts were up 19.5 per cent to 45,400 units in the Prairies, 17.9 per cent to 45,400 units in Quebec, 12.7 per cent to 65,500 units in Ontario, and 11.4 per cent to 35,100 units in British Columbia. In the Atlantic region, the seasonally adjusted annual rate of urban starts fell 11.6 per cent to 8,400 units.

Rural starts in September were estimated at a seasonally adjusted annual rate of 29,800 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first nine months of 2005, actual urban starts were 4.7 per cent lower than in the same period in 2004. Year-to-date single starts decreased 10.1 per cent, while multiple starts increased 1.1 per cent compared to the same period last year.

Across the regions, on a year-to-date basis, actual urban starts were up in the Prairies (7.0 per cent), but were down in Quebec (10.7 per cent), Ontario (7.8 per cent), the Atlantic (4.6 per cent), and British Columbia (2.2 per cent).

New house prices in August remain strong

The year-over-year increase in the price of new homes, as measured by the New Housing Price index (NHPI), was 4.6 per cent in August 2005, down from 4.7 per cent in July. Strong demand for housing, higher building material and labour costs, as well as increasing land values, contributed to the increase in house prices.

Existing Home Market

MLS® sales establish new record in August

Seasonally adjusted MLS® (Multiple Listings Service) sales were up 5.4 per cent to 43,444 units in August, compared to 41,220 units in July. August's result is the strongest level of MLS® sales on record.

Year-to-date MLS® actual sales from January to August 2005, at 342,351 units, were up 3.3 per cent from the same period in 2004.

MLS® new listings increased in August

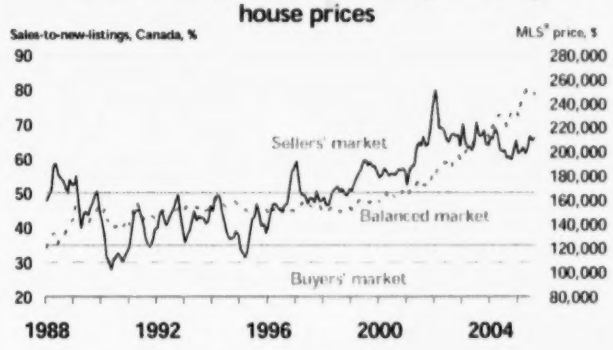
Seasonally adjusted MLS® new listings increased by 4.1 per cent in August to 65,822 units, compared to 63,206 units in the previous month.

Actual new listings for the first eight months of 2005 were up 4.0 per cent over the same period in 2004.

Sellers' market conditions across Canada continue to support strong growth in house prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[1].

Sellers' market continues to support rising house prices



Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

continued on page 3...

[1] Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

New listings are a gauge of supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada remained in sellers' market territory in August, at about 66 per cent. The Canada-wide average MLS® price increased by 9.7 per cent in the first eight months of 2005 compared to the same period in 2004.

Economic conditions

In September, employment remained relatively unchanged from August as increases in full-time employment were offset by decreases in part-time employment. Nevertheless, the unemployment rate edged down to 6.7 per cent in September. Total employment for the third quarter of 2005 grew by 31,000 jobs. This was lower than the 79,000 jobs gained in the second quarter of 2005. The sectors that saw substantial growth in September were the information, recreation and culture sector (20,000 jobs) and the educational sector (14,000 jobs). On the other hand, employment in the finance, insurance, real estate and leasing sector (-29,000 jobs) and the business, building and other support services sector (-12,000 jobs) fell in September.

Employment in September 2005 was up 1.2 per cent compared to a year ago.

The seasonally adjusted employment-to-population ratio remains close to historical peak levels. In other words, a near record share of Canadians are employed, which is supporting high levels of consumer confidence and strong demand for housing.

The Bank of Canada raised its target for the overnight lending rate by a quarter of a percentage point to 3.0 per cent on October 18th following a similar move on September 7th. An economy that is operating close to full capacity and an attempt to keep inflation in line with the target were cited as factors prompting the hike in the rate. Nevertheless, monetary conditions remain stimulative.

In September, the price of goods and services included in the Consumer Price Index (CPI) basket increased 3.4 per cent compared to September 2004. The large increase was mainly due to higher gasoline prices, while men's and women's clothing contributed as well. These increases were restrained by lower prices for computer equipment and supplies. ■

Contributors: Ali Manouchehri Ed Heese Bob Dugan Julie Taylor

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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Product # 63830-2005-10

Variable rate mortgages attractive

Canadians have many options when it comes to financing their homes, such as whether to go with a fixed or variable rate mortgage. With the posted five-year mortgage rate at 50 year lows, many home buyers may be wondering if now is the time to lock in.

Mortgage term selection

Choosing the best mortgage term, whether renewing an existing mortgage or getting a mortgage for the first time, has been a riddle for Canadian mortgage borrowers since the widespread introduction of short-term mortgage instruments in the early 1980s. Should they lock into a longer term mortgage or should they go short and roll their mortgage over period after period?

Canadians face a multitude of mortgage terms ranging from variable rate to 25-year closed mortgages. However the five-year closed mortgage term remains the most popular according to the latest Financial Industry Research Monitor Survey[1].

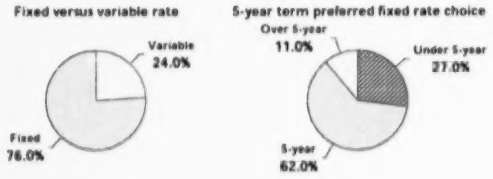
Optimal mortgage term

The optimal term is defined here as the one which, over the term of the mortgage, results in the lowest mortgage interest cost paid by the borrower.

Variable rate mortgage: a cost-effective option

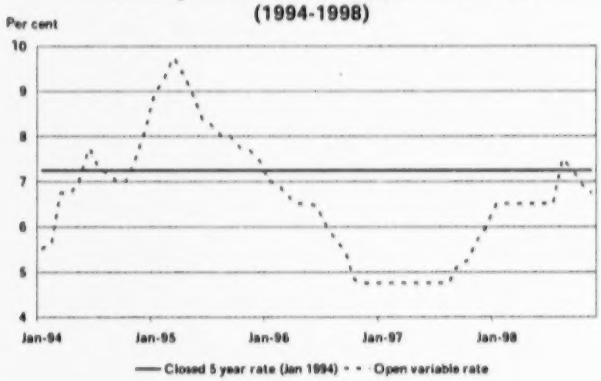
We used monthly variable open and fixed five-year closed mortgage rates to compare interest costs over five year periods for a $100,000 mortgage. Monthly payments for the variable rate mortgage were kept at the same level as that of a five-year closed mortgage originated at the same time. As a result, the proportion of the monthly payment that is applied against the principal on a variable rate mortgage will vary with fluctuations in interest rates. Between 1993 and 2000, mortgage rates trended down. Therefore over any given 5 year period between 1993 and 2000, variable mortgage rates were on average lower than the fixed rate available at the start of the period. For example, a mortgage with a fixed-rate for a 5-year term beginning in January of 1994, would have a mortgage rate of 7.25 per cent over the entire term (see second graph above).

5-year mortgage term most popular



Sources: CMHC, Clayton Research and Ipsos-Reid, The FIRM Residential Mortgage Survey, March 2005

Fixed five-year rate (1994-1998) vs. variable rate (1994-1998)



Source: CMHC, Bank of Canada

However, the variable mortgage rate was below 7.25 per cent for most of the five year period from January 1994 to December 1998. As a result, a larger proportion of the monthly payments would have been applied to the principal for variable rate mortgages. This reflects the fact that variable rates were almost always lower than the fixed five-year rate between 1993 and the present. Because of this interest savings,

continued on page 6....

[1] Financial Industry Research Monitor (FIRM) survey, March and June 2005, ClaytonResearch/Ipsos-NPD

continued: Variable rate mortgages attractive

variable rate mortgages have become increasingly popular. In the first half of 2005, 38 per cent of people obtaining or renewing a mortgage chose a variable rate up from 19 per cent in 2003.

Discounting makes the five-year term more attractive

The variable rate mortgage may not always prove to be the least costly if mortgage rates rise substantially over the five year horizon or if the five-year negotiated rate incorporates a large discount from the posted rate.

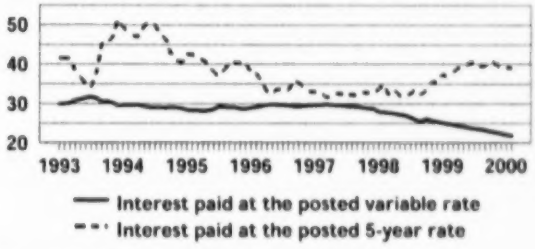
Mortgage rate discounting was not common prior to the mid-1990s and it is difficult to obtain data on the size of discount. As a proxy for discounts on the five-year mortgage rate, we used the difference between the rate posted by chartered banks and the lowest five-year mortgage rate offered by lenders, as captured in the CANNEX[2] monthly survey. The same approach was used for the variable rate. We estimate that the discount on the five-year mortgage rate has averaged more than one percentage point since 1996, while the estimated discount on variable rate mortgages is smaller at about a quarter of a percentage point. Recalculating interest costs over a five-year period using the estimated discounted rather than the posted mortgage rates narrows the gap in interest costs between the fixed and variable rate mortgages. For the five-year period beginning in 1997 the interest costs for five-year fixed and variable rate mortgages were virtually equal. However, decreases in interest rates have resulted in lower interest costs on variable rate mortgages relative to five-year fixed rate mortgage terms entered into in 1998 to 2000.

In summary

Mortgage rates have trended lower since 1993. In this environment, variable rate open mortgages have generally been cheaper than locking in a medium or long term mortgage. Looking ahead, whether a fixed or variable rate mortgage is most effective depends on how mortgage rates evolve. In a falling interest rate environment like the one witnessed from 2000 to 2002, holders of variable rate mortgages benefit from the decrease, while longer term mortgage holders' rates do not change. This can lead to a cost advantage for variable rate mortgages. However, mortgage rates can also rise and when they do, variable rate mortgage holders are exposed to rising interest costs, while holders of fixed rate mortgages are not. Ultimately the choice between variable and fixed mortgages will depend on each individual's appetite for risk and their financial ability to weather a period of higher mortgage rates. ■

Variable rate mortgages cost less

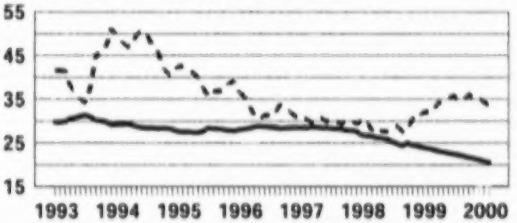
Interest paid over five years ($000)*



* Interest paid over five years for a $100,000 mortgage amortized over 25 years
Sources: CMHC, CANNEX

Discounting lowers cost of fixed rate

Interest paid over five years ($000)*



* Note: Based on $100,000 mortgage amortized over 25 years

Sources: CMHC, CANNEX

[2] Cannex Financial Exchanges Limited, survey of mortgage lenders last Wednesday of the month, data was available for 1993-2005 period for most frequently posted rates (mode) and for 1996-2005 for the lowest rate posted.

How has the residential real estate market stacked up against the equity market in Canada?

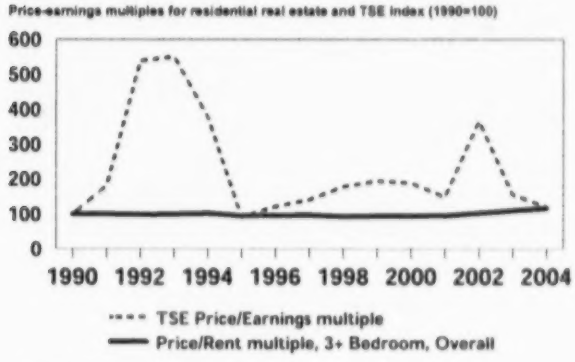
In contrast to equity markets, residential real estate assets have registered a relatively steady price-earnings multiple[1] over the past 15 years. Growth in the residential real estate market has also outperformed the equity and bond markets in recent years. A combination of a relatively stable price-earnings multiple and high yields has made the Canadian residential real estate increasingly attractive to investors and homebuyers alike.

The price-earnings multiple is used in financial analysis to broadly determine if a stock or an equity index is over/under valued. To evaluate the price-earnings multiple of equities, the TSE300 Index and the associated price-earnings multiples were used as the benchmark here.[2]

To estimate the trend in the price earnings multiple for real estate investment in Canada, we used the average home price and divided it by the income generated from the annual average rent for a three-bedroom unit.

As depicted in the following graph, the trend in residential real estate price-earnings multiple have been far more stable than the equity market multiples for Canada over the past 15 years. With rapidly rising house prices since 2002, the estimated index for the price-earnings multiple for real estate climbed slightly from about 101 to 117. This pales compared to the increase in the price-earnings multiple for equities in the late 1990s that coincided with the high-tech bubble. The relatively stable price-earnings multiple for real estate supports the concept that residential real estate is well priced and provides added evidence that there is no real estate bubble in Canada.

Residential real estate multiples far more stable



Sources: CMHC, CREA, Statistics Canada

Residential real estate has offered a very attractive growth rate in recent years

How has growth in residential real estate compared to alternative investments in recent years? We compare the growth on three investments: bonds, equities, and real estate.

The growth rate for the equity market is measured by annual percentage change of the TSE300 price index. The growth rate for the residential real estate market is approximated by measuring the increase in average home price sold through real estate boards[3]. The growth rate for bonds is the yield on 10-year Government of Canada bonds.

The residential real estate market has outperformed both the equity and bond markets in terms of average growth over the

continued on page 7....

[1] Price-Earnings multiple is the ratio of market price of a security to its annual earnings. It applies to a single security as well as to a market as a whole.

[2] The price-earnings multiples for TSE were adjusted to exclude the missing data (July 2001-July 2002) caused by negative earnings.

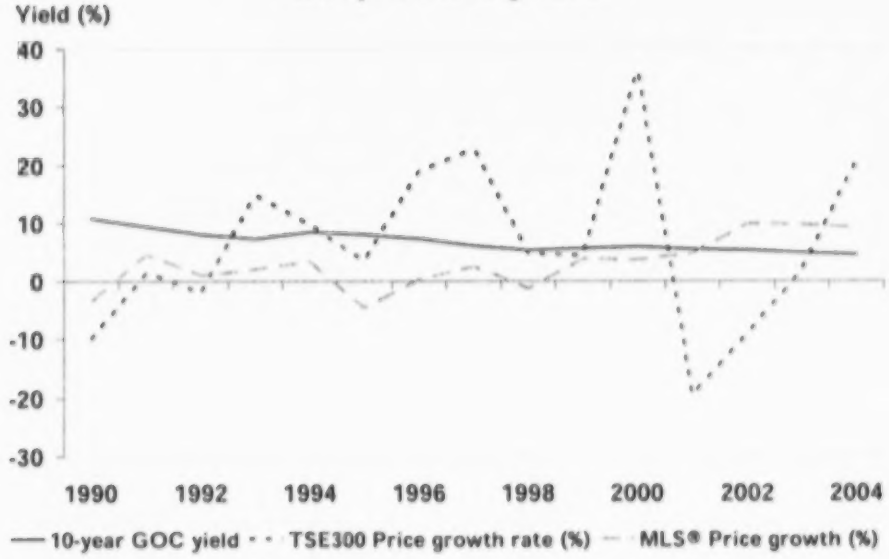
[3] The use of the average house price is based on the fact that it represents a wide array of homes and is a good representative of the underlying housing stock.

continued: How has the residential real estate market stack up against the equity market in Canada?

past five years, however, the growth in equities started to pull ahead of growth on real estate in 2003. Residential real estate has offered an average annual growth of 6.8 per cent compared to 5.8 per cent for equities and 5.3 per cent for bonds during 1999-2004.

In summary, residential real estate has exhibited a relatively stable price-earnings multiple and an attractive rate of growth in the past five years making it a good investment vehicle. ■

Residential real estate has done well in the past five years



Sources: CMHC, CREA, Statistics Canada

HOUSING NOW - CANADA

October 2005

This Month's Housing Data (SAAR)

	2004	Q1:05	Q2:05	Q3:05	M7:05	M8:05	M9:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**213.3**	**235.4**	**227.7**	**248.1**	**205.4**	**229.6**
Per cent change from previous period	6.9	-10.0	10.4	-3.3	2.8	-17.2	11.8
Canada. Total. Rural areas	**29.0**	**28.7**	**34.1**	**29.8**	**29.8**	**29.8**	**29.8**
Per cent change from previous period	9.5	-5.6	18.8	-12.6	-12.6	0.0	0.0
Canada. Total. Urban areas	**204.4**	**184.6**	**201.3**	**197.9**	**218.3**	**175.6**	**199.8**
Per cent change from previous period	6.5	-10.6	9.0	-1.7	5.4	-19.6	13.8
Canada. Single. Urban areas	**103.9**	**93.4**	**98.6**	**91.7**	**91.3**	**87.7**	**96.4**
Per cent change from previous period	3.6	-8.9	5.6	-7.0	-7.2	-3.9	9.9
Canada. Multiple. Urban areas	**100.5**	**91.2**	**102.7**	**106.2**	**127.0**	**87.9**	**103.4**
Per cent change from previous period	9.7	-12.3	12.6	3.4	16.7	-30.8	17.6
Newfoundland. Total. All areas	**2.9**	**3.1**	**2.5**	**2.7**	**2.5**	**2.7**	**3.1**
Per cent change from previous period	6.6	6.9	-19.4	8.0	8.7	8.0	14.8
Prince Edward Island. Total. All areas	**0.9**	**1.5**	**1.0**	**0.8**	**0.7**	**1.0**	**0.9**
Per cent change from previous period	12.9	114.3	-33.3	-20.0	-30.0	42.9	-10.0
Nova Scotia. Total. All areas	**4.7**	**4.0**	**5.4**	**4.7**	**4.6**	**5.4**	**3.9**
Per cent change from previous period	-7.4	-14.9	35.0	-13.0	15.0	17.4	-27.8
New Brunswick. Total. All areas	**3.9**	**3.2**	**4.3**	**4.0**	**3.8**	**4.0**	**4.1**
Per cent change from previous period	-12.1	-20.0	34.4	-7.0	-11.6	5.3	2.5
Quebec. Total. All areas	**58.4**	**55.1**	**52.6**	**50.3**	**52.8**	**45.7**	**52.6**
Per cent change from previous period	16.2	-9.1	-4.5	-4.4	1.7	-13.4	15.1
Ontario. Total. All areas	**85.1**	**71.3**	**88.2**	**78.2**	**100.2**	**63.5**	**70.9**
Per cent change from previous period	-0.1	-15.5	23.7	-11.3	-3.3	-36.6	11.7
Manitoba. Total. All areas	**4.4**	**4.3**	**4.4**	**5.5**	**6.2**	**5.9**	**4.5**
Per cent change from previous period	5.6	7.5	2.3	25.0	21.6	-4.8	-23.7
Saskatchewan. Total. All areas	**3.8**	**2.5**	**3.3**	**3.8**	**3.7**	**4.0**	**3.7**
Per cent change from previous period	14.1	-40.5	32.0	15.2	-14.0	8.1	-7.5
Alberta. Total. All areas	**36.3**	**36.7**	**41.6**	**40.4**	**36.9**	**37.5**	**46.6**
Per cent change from previous period	0.3	-7.3	13.4	-2.9	7.6	1.6	24.3
British Columbia. Total. All areas	**32.9**	**31.6**	**32.1**	**37.3**	**36.7**	**35.7**	**39.3**
Per cent change from previous period	25.8	-0.6	1.6	16.2	20.3	-2.7	10.1

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q1:05	Q2:05	Q3:05	M7:05	M8:05	M9:05
Canada	204.4	184.6	201.3	197.9	218.3	175.6	199.8
Newfoundland	2.1	2.5	1.7	1.9	1.7	1.9	2.3
Prince Edward Island	0.6	1.1	0.5	0.5	0.4	0.7	0.6
Nova Scotia	3.3	2.5	3.9	3.4	3.3	4.1	2.6
New Brunswick	2.6	1.8	3.0	2.8	2.6	2.8	2.9
Québec	46.7	41.6	40.0	43.1	45.6	38.5	45.4
Ontario	79.9	69.4	81.3	72.8	94.8	58.1	65.5
Manitoba	2.9	2.7	2.7	3.4	4.1	3.8	2.4
Saskatchewan	3.1	2.0	2.8	2.6	2.5	2.8	2.5
Alberta	32.2	32.0	35.8	34.3	30.8	31.4	40.5
British Columbia	30.9	29.0	29.6	33.1	32.5	31.5	35.1

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

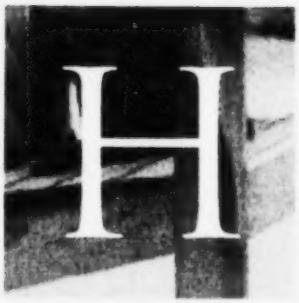
	2004	Q1:05	Q2:05	Q3:05	M7:05	M8:05	M9:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.7	5.5	5.0	5.1	4.9	4.9
Per cent change from same period previous year	9.3	12.5	4.1	-0.7	3.0	-2.0	-3.0
New & unoccupied row & apartments, units 000s	6.7	8.8	9.3	9.3	9.5	9.5	8.9
Per cent change from same period previous year	18.9	49.6	54.0	38.4	44.6	43.5	27.7
New House Price Index, 1997=100	123.2	126.5	128.4	n.a.	129.5	130.0	n.a.
Per cent change from same period previous year	5.5	5.1	4.7	n.a.	4.7	4.6	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	454.3	491.6	n.a.	494.6	521.3	n.a.
Per cent change from same period previous year	6.0	-0.1	2.9	n.a.	6.5	13.7	n.a.
MLS® average resale price*, $C 000s	226.2	239.2	246.5	n.a.	250.1	251.2	n.a.
Per cent change from same period previous year	9.2	8.8	8.9	n.a.	12.7	10.0	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.88	4.83	4.97	4.90	5.00	5.00
5-Year Mortgage Rate, % (period average)	6.23	6.12	5.90	5.80	5.80	5.80	5.80

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.



HOUSING NOW

Canada

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Canada Mortgage and Housing Corporation

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NOVEMBER 2005

Canadian Market Overview

New Home Market

Housing starts fall in October

The seasonally adjusted annual rate[1] of housing starts was 206,800 units in October, down from 229,600 units in September.

Although residential construction activity declined in October, housing starts across Canada have now been above the 200,000 level for 29 consecutive months. Low mortgage rates and full-time job creation continue to be a boon for new home construction.

Both urban single and multiple starts fell in October

The seasonally adjusted annual rate of urban starts fell 11.3 per cent to 177,200 units in October with decreases in both single and multiple starts. The more volatile multiple starts segment dropped 14.6 per cent

continued on page 2...

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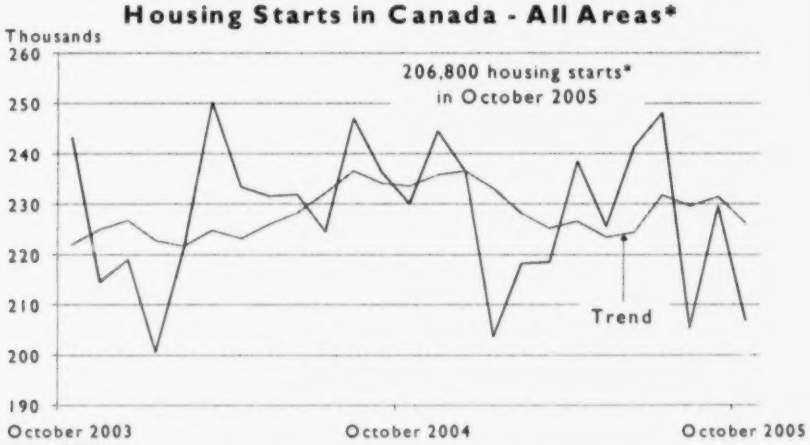
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

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HOME TO CANADIANS

to 88,300 units, while single starts declined 7.8 per cent to 88,900 units in October compared to September.

Urban starts decreased in the Prairies, Quebec, Ontario, and British Columbia

Urban housing starts were down across all regions except for the Atlantic in October. Housing starts were down 16.8 per cent to 54,500 units in Ontario, 15.4 per cent to 38,400 units in the Prairies, 12.3 per cent to 39,800 units in Quebec, and 1.1 per cent to 34,700 units in British Columbia. In the Atlantic region, the seasonally adjusted annual rate of urban starts rose 16.7 per cent to 9,800 units.

Rural starts in October were estimated at a seasonally adjusted annual rate of 29,600 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first ten months of 2005, actual urban starts were 5.7 per cent lower than in the same period in 2004. Year-to-date single starts decreased 10.8 per cent, while multiple starts declined 0.3 per cent compared to the same period last year.

Across the regions, actual urban starts in the first 10 months of 2005 were up compared to the previous year in the Prairies (5.4 per cent) and British Columbia (1.3 per cent), but were down in Quebec (11.0 per cent), Ontario (10.9 per cent), and the Atlantic (2.3 per cent).

New house prices in September remain strong

The year-over-year increase in the price of new homes, as measured by the New Housing Price index (NHPI), was 4.9 per cent in September 2005, up from 4.6 per cent in August. Higher building material and labour costs, coupled with higher energy costs and increasing land values, contributed to the increase in house prices.

Existing Home Market

MLS® sales slip in September

Seasonally adjusted MLS® (Multiple Listings Service) sales were down 2.7 per cent to 42,254 units in September, compared to 43,416 units in August. Despite the decrease, September's level was the second highest on record.

Year-to-date MLS® actual sales from January to September 2005, at 383,574 units, were up 4.1 per cent from the same period in 2004.

MLS® new listings increased in September

Seasonally adjusted MLS® new listings increased by 0.6 per cent in September to 66,417 units, compared to 66,043 units in the previous month.

Actual new listings for the first nine months of 2005 were up 4.3 per cent over the same period in 2004.

Sellers' market conditions across Canada continue to support strong growth in house prices

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[1].

Sellers' market continues to support rising house prices

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

continued on page 3...

[1] Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

New listings are a gauge of supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada remained in sellers' market territory in August, at about 64 per cent. The Canada-wide average MLS® price increased by 9.9 per cent in the first nine months of 2005 compared to the same period in 2004.

Economic conditions

In October, employment grew by 69,000 jobs mainly in part-time positions. This helped push down the unemployment rate to 6.6 per cent in October, the lowest level in over three decades. The sectors that saw substantial growth in October were the trades sector (30,000 jobs), finance, insurance, real estate and leasing sector (26,000 jobs), professional, scientific and technical services sector (18,000 jobs), and the natural resources sector (9,000 jobs). On the other hand, employment fell in the public administration sector (-13,000 jobs) and the manufacturing sector (-7,700 jobs) in October.

Employment in October 2005 was up 1.4 per cent compared to a year ago.

The seasonally adjusted employment-to-population ratio remains close to historical peak levels. In other words, a near record share of Canadians are employed, which is supporting high levels of consumer confidence and strong demand for housing.

The Bank of Canada raised its target for the overnight lending rate by a quarter of a percentage point to 3.0 per cent on October 18th following a similar move on September 7th. An economy that is operating close to full capacity and an attempt to keep inflation in line with the target were cited as factors prompting the hike in the rate. Nevertheless, monetary conditions remain stimulative.

In October, the price of goods and services included in the Consumer Price Index (CPI) basket increased 2.6 per cent compared to October 2004. The increase was due to higher gasoline prices, cost of purchasing and leasing automotive vehicles, natural gas prices, homeowners' replacement cost, fuel oil prices, and property taxes. These increases were partially offset by lower prices for computer equipment and supplies. ■

Contributors: Bob Dugan Julie Taylor Bertrand Recher

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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Product # 63830-2005-11

Going the distance for different homes

This article evaluates the degree to which the location of newly built single detached homes and condominium apartments is changing in relation to the downtown employment core in different Canadian Census Metropolitan Areas (CMAs).Our results show that there was a slight increase in the average distance between new single homes and the downtown core, while condominium units are being built closer to downtown.

- Population growth in many CMAs has caused residential construction to expand further from their downtown employment cores (see page 7). In many Canadian CMAs, this trend was particularly evident for the construction of single detached homes during the economic boom that followed the end of World War II, which coincided with the birth of the baby-boom generation and the automobile's golden era. Is this trend of building further from the downtown employment core still evident for recently built single detached homes? Does the construction of condominium apartment units, a growing segment of the housing market, follow this same trend or are condos more likely to be concentrated around the downtown employment core?

- To answer these questions, we have identified the main downtown employment core in 4 major Canadian CMAs (Vancouver, Calgary, Toronto and Montréal). We then calculated the average commuting distance using the shortest available route between these employment cores and the location of new single detached homes as well as new condominium apartments in each of these 4 CMAs. The change in the geographic expanse of each CMA is reviewed for the last 16 years (1990-2005[1]).

- This article doesn't measure urban sprawl in Canadian CMAs. Factors such as density measures (number of homes per square kilometer) or planning measures to manage urban development are not taken into account.

continued on page 5....

Table 1: Average Travel Distance between New Single Detached Homes and Downtown (km)

	Calgary	Montreal	Toronto	Vancouver
1990-1995	15.1	29.4	34.8	25.4
2000-2005*	17.9	30.5	36.5	28.9
Increase in distance between the 1990-1995 and 2000-2005* periods, km (%)	2.8 km (+19 %)	1.1 km (+4 %)	1.7 km (+5 %)	3.6 km (+14 %)

Average distances are calculated with the shortest road travel
Source: CMHC ** Data available up to October 2005*

[1] For 2005, data were available only from January to October

continued: Going the distance for different homes

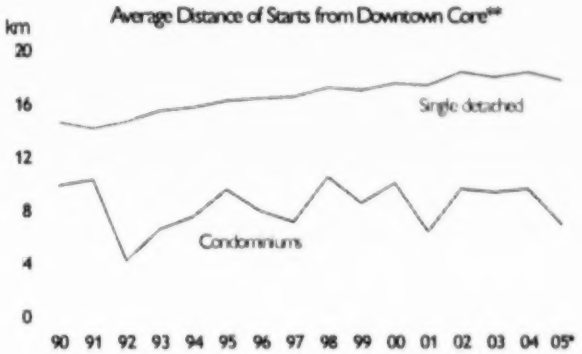
New single homes are being built farther from the downtown employment core

- The average travel distance between new single homes and the downtown employment core has increased slightly for the reviewed CMAs during the last 16 years. Calgary, one of the leading CMAs in terms of household growth[2], posted an increase in the average commuting distance of 2.8 km (up 19 per cent) between the 1990-1995 and the 2001-2005 periods, the largest percentage increase of the 4 CMAs examined (see Table 1). The travel distance has also gone up appreciably in Vancouver with an increase of 3.6 km (up 14 %). Toronto remains the CMA with the highest average travel distance to go from new single homes to downtown.

Condos are built closer to downtown than singles

- Condominium apartments are dwellings primarily designed for high density urban areas. As a result, the construction of apartment condominiums has followed a different pattern than singles in the CMAs we examined. For

Chart 1 : CALGARY CMA
Commuting distance between single homes and downtown have increased steadily



Source: CMHC
* Data from January to October
** Central point retained: 2nd Street W and 8th Avenue S.W.

continued on page 6....

Table 2: Average Distance between New Condominium Apartment Structures and Downtown (km)

	Calgary	Montreal	Toronto	Vancouver
1990-1995	8.8	18.2	18.7	20.2
2000-2005*	8.9	18.5	13.2	13.2
Increase in distance between the 1990-1995 and 2000-2005* periods, km (%)	0.1 km (+2 %)	0.4 km (+2 %)	-5.5 km (-29 %)	-7.0 km (-35 %)

Average distances are calculated with the shortest road travel
Source: CMHC * *Data available up to October 2005*

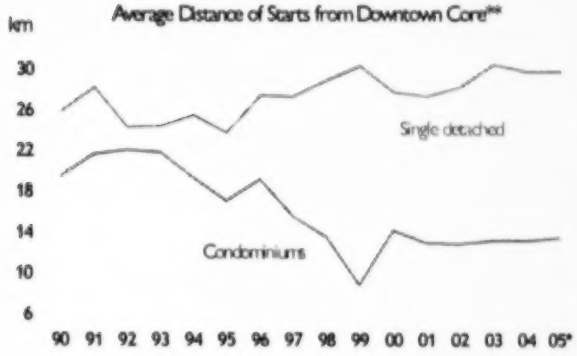
[2] According to Statistics Canada, Calgary posted the second highest rate of household growth between 1991 and 2001 (an increase of 29.1 per cent) just after Abbotsford (32.8 per cent).

continued: Going the distance for different homes

Calgary and Montréal, the average distance of new condominium apartments did not change much between the 1990-1995 and 2000-2005 periods (see table 2).

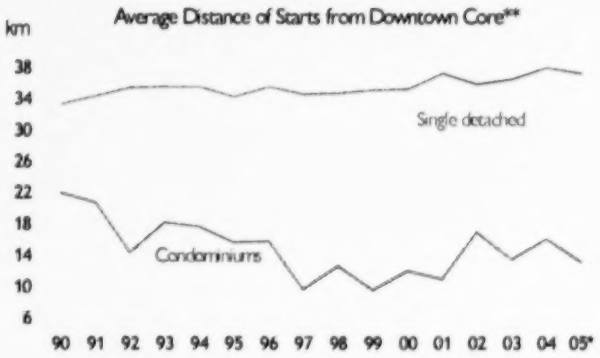
- However, in Toronto and Vancouver, new condominium apartments have been built on average closer to downtown in recent years. The average distance decreased by 35 per cent in Vancouver (a reduction of 7.0 km) and 29 per cent in Toronto (a reduction of 5.5 km) between the 1990-1995 and 2000-2005 periods.
- For these two centres, the average distance between new condominium apartments and the downtown employment core has been less than half that of single detached homes in recent years.

Chart 2 : VANCOUVER CMA
Single homes are gradually more distant while condominiums are built closer to downtown



Source: CMHC
* Data from January to October
** Central point retained: Georgia Street W. and Granville Street

Chart 3 : TORONTO CMA
The average travel distance widens between new single homes and condominium apartment units



Source: CMHC
* Data from January to October
** Central point retained: Bay Street and King Street W.

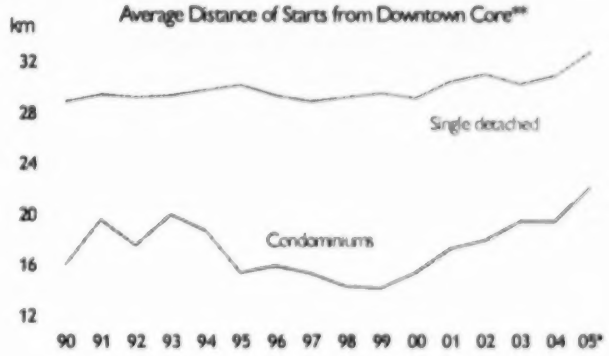
- In Toronto and Vancouver, homes in the downtown area are expensive. Furthermore, newly built single homes are far from the downtown employment core. These factors have contributed to the popularity of centrally located condominium apartments in these centres.

continued on page 7....

continued: Going the distance for different homes

- In Montréal, the average travel distance between condominium apartments and the employment core has not really changed between the 1990-1995 and 2001-2005 periods. Nevertheless, the city has experienced a unique pattern with respect to the location of its condominium projects. The average distance increased at the beginning of the last decade reaching 19.9 km in 1993 (see chart 4). Fewer structures were built outside the centre area during the subsequent five years, when condo starts were low. Hence, the average distance decreased steadily from 1993 to 1999 to a low of 14.1 km. Since 1999, however, the pace of condominium construction has gone up and so has the average travel distance between new condominium structures and the employment core, which reached a high of 22.1 km in 2005.

Chart 4 : MONTRÉAL CMA
Condominiums are moving away from downtown since 1999



Source: CMHC * Data from January to October ** Central point retained : Place Ville-Marie

Conclusion

- Overall, the average distance between new single detached homes and the downtown employment core is larger than the distance for condominium apartments. This lends support to the idea that, over the last 16 years, single detached homes have been built primarily in the suburbs, while condominium apartments have been erected in urban and central high density areas. The construction patterns for condominium apartment structures are very different from single homes which are progressively more distant for most CMAs. Consequently, the gap between the average commuting distances of newly built condominium apartments and single homes has widened for all the reviewed CMAs. This is particularly true for Vancouver, where this gap has almost tripled between the 1990-1995 and 2000-2005 periods (5.2 km vs. 15.7km). Also, with 23.3km, Toronto still shows the largest gap.

Downtown Employment Cores

Calgary	2nd Street W. and 8th Avenue S.W.
Montréal	University Street and René-Lévesque W.
Toronto	Bay Street and King Street W.
Vancouver	Georgia Street W. and Granville Street

Source: CMHC

This Month's Housing Data (SAAR)

	2004	Q1:05	Q2:05	Q3:05	M8:05	M9:05	M10:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**213.3**	**235.4**	**227.7**	**205.4**	**229.6**	**206.8**
Per cent change from previous period	6.9	-10.0	10.4	-3.3	-17.2	11.8	-9.9
Canada. Total. Rural areas	**29.0**	**28.7**	**34.1**	**29.8**	**29.8**	**29.8**	**29.6**
Per cent change from previous period	9.5	-5.6	18.8	-12.6	0.0	0.0	-0.7
Canada. Total. Urban areas	**204.4**	**184.6**	**201.3**	**197.9**	**175.6**	**199.8**	**177.2**
Per cent change from previous period	6.5	-10.6	9.0	-1.7	-19.6	13.8	-11.3
Canada. Single. Urban areas	**103.9**	**93.4**	**98.6**	**91.7**	**87.7**	**96.4**	**88.9**
Per cent change from previous period	3.6	-8.9	5.6	-7.0	-3.9	9.9	-7.8
Canada. Multiple. Urban areas	**100.5**	**91.2**	**102.7**	**106.2**	**87.9**	**103.4**	**88.3**
Per cent change from previous period	9.7	-12.3	12.6	3.4	-30.8	17.6	-14.6
Newfoundland. Total. All areas	**2.9**	**3.1**	**2.5**	**2.7**	**2.7**	**3.1**	**2.7**
Per cent change from previous period	6.6	6.9	-19.4	8.0	8.0	14.8	-12.9
Prince Edward Island. Total. All areas	**0.9**	**1.5**	**1.0**	**0.8**	**1.0**	**0.9**	**0.8**
Per cent change from previous period	12.9	114.3	-33.3	-20.0	42.9	-10.0	-11.1
Nova Scotia. Total. All areas	**4.7**	**4.0**	**5.4**	**4.7**	**5.4**	**3.9**	**4.7**
Per cent change from previous period	-7.4	-14.9	35.0	-13.0	17.4	-27.8	20.5
New Brunswick. Total. All areas	**3.9**	**3.2**	**4.3**	**4.0**	**4.0**	**4.1**	**5.4**
Per cent change from previous period	-12.1	-20.0	34.4	-7.0	5.3	2.5	31.7
Quebec. Total. All areas	**58.4**	**55.1**	**52.6**	**50.3**	**45.7**	**52.6**	**47.7**
Per cent change from previous period	16.2	-9.1	-4.5	-4.4	-13.4	15.1	-9.3
Ontario. Total. All areas	**85.1**	**71.3**	**88.2**	**78.2**	**63.5**	**70.9**	**60.3**
Per cent change from previous period	-0.1	-15.5	23.7	-11.3	-36.6	11.7	-15.0
Manitoba. Total. All areas	**4.4**	**4.3**	**4.4**	**5.5**	**5.9**	**4.5**	**5.2**
Per cent change from previous period	5.6	7.5	2.3	25.0	-4.8	-23.7	15.6
Saskatchewan. Total. All areas	**3.8**	**2.5**	**3.3**	**3.8**	**4.0**	**3.7**	**3.0**
Per cent change from previous period	14.1	-40.5	32.0	15.2	8.1	-7.5	-18.9
Alberta. Total. All areas	**36.3**	**36.7**	**41.6**	**40.4**	**37.5**	**46.6**	**37.8**
Per cent change from previous period	0.3	-7.3	13.4	-2.9	1.6	24.3	-18.9
British Columbia. Total. All areas	**32.9**	**31.6**	**32.1**	**37.3**	**35.7**	**39.3**	**39.2**
Per cent change from previous period	25.8	-0.6	1.6	16.2	-2.7	10.1	-0.3

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q1:05	Q2:05	Q3:05	M8:05	M9:05	M10:05
Canada	204.4	184.6	201.3	197.9	175.6	199.8	177.2
Newfoundland	2.1	2.5	1.7	1.9	1.9	2.3	1.9
Prince Edward Island	0.6	1.1	0.5	0.5	0.7	0.6	0.4
Nova Scotia	3.3	2.5	3.9	3.4	4.1	2.6	3.2
New Brunswick	2.6	1.8	3.0	2.8	2.8	2.9	4.3
Québec	46.7	41.6	40.0	43.1	38.5	45.4	39.8
Ontario	79.9	69.4	81.3	72.8	58.1	65.5	54.5
Manitoba	2.9	2.7	2.7	3.4	3.8	2.4	3.3
Saskatchewan	3.1	2.0	2.8	2.6	2.8	2.5	2.2
Alberta	32.2	32.0	35.8	34.3	31.4	40.5	32.9
British Columbia	30.9	29.0	29.6	33.1	31.5	35.1	34.7

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2004	Q1:05	Q2:05	Q3:05	M8:05	M9:05	M10:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.7	5.5	5.0	4.9	4.9	5.1
Per cent change from same period previous year	9.3	12.5	4.1	-0.7	-2.0	-3.0	-5.4
New & unoccupied row & apartments, units 000s	6.7	8.8	9.3	9.3	9.5	8.9	8.4
Per cent change from same period previous year	18.9	49.6	54.0	38.4	43.5	27.7	5.2
New House Price Index, 1997=100	123.2	126.5	128.4	130.1	130.0	130.8	n.a.
Per cent change from same period previous year	5.5	5.1	4.7	4.7	4.6	4.9	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	454.3	491.4	507.6	521.0	507.0	n.a.
Per cent change from same period previous year	6.0	-0.1	2.9	10.2	13.7	10.4	n.a.
MLS® average resale price*, $C 000s	226.2	239.2	246.3	251.2	250.0	253.3	n.a.
Per cent change from same period previous year	9.2	8.8	8.8	11.2	9.5	11.5	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.59	4.88	4.83	4.97	5.00	5.00	5.25
5-Year Mortgage Rate, % (period average)	6.23	6.12	5.90	5.80	5.80	5.80	6.00

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.

HOUSING NOW

Canada

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Canada Mortgage and Housing Corporation

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DECEMBER 2005

Canadian Market Overview

New Home Market

Housing starts recover in November

The seasonally adjusted annual rate[1] of housing starts was 220,400 units in November, up from 206,800 units in October.

New residential construction activity displayed resilience in November, regaining most of the territory lost the previous month. Strong employment and income gains, coupled with low mortgage rates continue to bolster consumer confidence and demand for homes. While demand for new homes remains strong, housing starts in 2005 have fallen short of the peak set in 2004 due in part to rising mortgage carrying costs.

Both urban single and multiple starts rose in November

The seasonally adjusted annual rate of urban starts rose 7.7 per cent to 190,800 units in

continued on page 2...

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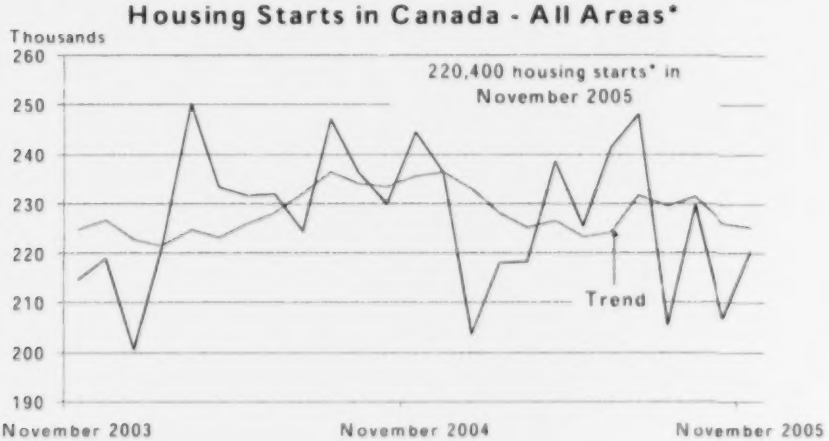
Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

Monthly housing starts numbers published in Housing Now Canada are final and may differ from the preliminary numbers in the starts press release

[1] All starts figures, other than actual starts, are seasonally adjusted annual rates (SAAR) that are monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels.

Canada

CMHC SCHL

HOME TO CANADIANS

November with increases in both single and multiple starts. Multiples were up 12.7 per cent to 99,500 units, while single starts advanced 2.7 per cent to 91,300 units in November compared to October.

Urban starts increased in Ontario, the Prairies, and Quebec

Ontario led the country with a 33.8 per cent jump in the seasonally adjusted annualized rate of urban housing starts in November to 72,900 units, due in large part to a recovery in the volatile multiples segment in Toronto. Urban housing starts in November in the Prairies were up 3.1 per cent to 39,600 units and up 1.8 per cent to 40,500 units in Quebec compared to the previous month. Activity was down on both coasts with the seasonally adjusted annual rate of urban starts falling 13.8 per cent in British Columbia to 29,900 units and decreasing by 19.4 per cent to 7,900 units in the Atlantic region.

Rural starts in November were estimated at a seasonally adjusted annual rate of 29,600 units.

Year-to-date actual urban starts are lower than in the same period last year

For the first 11 months of 2005, actual urban starts were 6.0 per cent lower than in the same period in 2004. Year-to-date single starts decreased 10.7 per cent, while multiple starts declined 1.2 per cent compared to the same period last year.

Across the regions, on a year-to-date basis, actual urban starts were up in the Prairies (3.6 per cent) and British Columbia (0.2 per cent), but were down in Quebec (11.6 per cent), Ontario (10.2 per cent), and the Atlantic (2.1 per cent).

New house prices in October remain strong

The year-over-year increase in the price of new homes, as measured by the New Housing Price index (NHPI), grew 5.4 per cent in October 2005, up from 4.9 per cent in September 2005. Higher building material and labour costs, as well as high fuel costs and increasing land values, contributed to the increase in house prices.

Existing Home Market

MLS® sales slow down in October

Seasonally adjusted MLS® (Multiple Listings Service) sales were down 2.5 per cent to 41,105 units in October, compared to 42,173 units in September.

Year-to-date MLS® actual sales from January to October 2005, at 422,199 units, were up 1.5 per cent from the same period in 2004.

MLS® new listings were down in October

Seasonally adjusted MLS® new listings decreased by 2.1 per cent in October to 65,222 units, compared to 66,638 units in the previous month.

Actual new listings for the first ten months of 2005 were up 4.3 per cent over the same period in 2004.

Sellers' market conditions across Canada continue to support strong growth in house prices

An indicator of price pressure in the existing

Sellers' market continues to support rising house prices

— Sales-to-new-listings, Canada, % (left axis) · · · MLS® price, $ (right axis)

Sources: CMHC, Canadian Real Estate Board (CREA), MLS®

continued on page 3...

home market is the sales-to-new-listings ratio[1]. New listings are a gauge of supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada remained in sellers' market territory in October, at about 63 per cent. The Canada-wide average MLS® price increased by 9.9 per cent in the first ten months of 2005 compared to the same period in 2004.

Economic conditions

In November, employment increased by 30,600 jobs. Strong growth in full-time employment (50,200 jobs) contributed to the gain in November, while part-time employment (-19,600 jobs) fell. The sectors that saw substantial growth in November were the construction sector (24,000 jobs), the accommodation and food services sector (23,000 jobs), the business, building and other support services sector (12,000 jobs), and the educational services sector (12,000 jobs).

The unemployment rate edged down by 0.2 of a percentage point to 6.4 per cent in November, the lowest rate in over three decades .

[1] Taking the Canadian market as a whole, a sales-to-new-listings ratio below 35 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a *buyers' market*. A sales-to-new-listings ratio above 50 per cent is associated with a *sellers' market*. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be *balanced*.

Employment in November 2005 was up 1.6 per cent compared to a year ago.

The seasonally adjusted employment-to-population ratio remains close to historical peak levels. In other words, a near record share of Canadians are employed, which is supporting high levels of consumer confidence and strong demand for housing.

The Bank of Canada raised its target for the overnight lending rate by a quarter of a percentage point to 3.25 per cent on December 6th following similar moves on October 18th and September 7th. With the economy operating close to full capacity, the gradual reduction in monetary stimulus will help to prevent rising inflationary pressures. Nevertheless, monetary conditions remain stimulative.

In November, the price of goods and services included in the Consumer Price Index (CPI) basket increased 2.0 per cent compared to November 2004. The increase was mainly due to the higher cost of leasing automotive vehicles, natural gas, restaurant meal prices, and homeowners' replacement costs. These increases were restrained by a drop in gasoline prices, as well as lower prices for computer equipment and supplies, and for fresh vegetables. ■

Contributors: Ali Manouchehri Bob Dugan Julie Taylor

Questions:

Julie Taylor at 1-613-748-2239
or jtaylor@cmhc-schl.gc.ca
To subscribe: 1-613-748-2006 or

http://www.cmhc-schl.gc.ca/mktinfo/store

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Product # 63830-2005-12

MORTGAGE LENDING

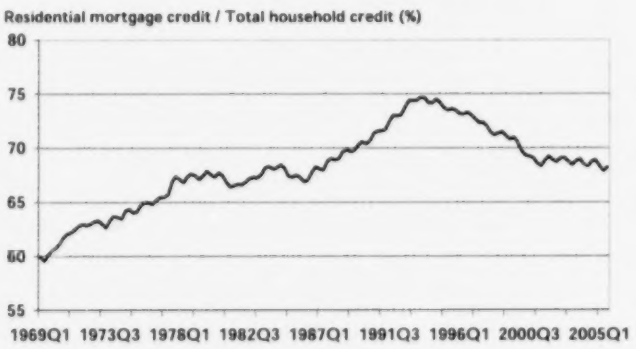
VIBRANT HOUSING MARKETS SUPPORT RESIDENTIAL MORTGAGE LENDING

By: Ali Manouchehri, Senior Economist, Capital Markets

Residential mortgage credit grew 9.6 per cent in the third quarter of 2005 compared to the same quarter in 2004 to surpass $631 billion due to low mortgage rates and active housing markets.

Low mortgage rates, robust employment growth, and income gains contributed to strong renovation activity, as well as high levels of new home starts and existing home sales. As a result, growth in the mortgage credit was healthy in the third quarter of 2005.

Residential mortgages now account for about 68 per cent of household debt



Sources: Bank of Canada, Statistics Canada, CMHC (calculations)

Vibrant markets for existing and new homes

The market for existing homes remained strong thanks to low mortgage rates and robust employment and income gains. The value of homes sold through MLS® increased 5.4 per cent in the third quarter of 2005 over the previous quarter while the average house price rose by 2.1 per cent.

The market for new homes enjoyed another strong performance in the third quarter with seasonally adjusted annual housing starts of 227,700 units. The New House Price Index rose at an annualized rate of 4.7 per cent in the third quarter of 2005 over the previous quarter.

The solid performance in housing markets led to higher mortgage credit

The strength in the housing market led to an increase of 3.3 per cent in mortgage credit outstanding in the third quarter of 2005 over the previous quarter, this represents a 9.6 per cent increase over the previous year.

Mortgage credit accounted for 68.1 per cent of household debt in the third quarter of 2005, a smaller percentage than the 73.1 per cent level a decade ago.

Stable market shares

Chartered banks accounted for 72.4 per cent of the residential mortgage loans outstanding in the third quarter of 2005 followed by credit unions at 16.2 per cent. These shares are little changed from 72.5 and 15.8 per cent a year earlier. ■

MARKET SHARE OF RESIDENTIAL MORTGAGE CREDIT (%)*

	3Q04	4Q04	1Q05	2Q05	3Q05e
Banks	72.5	72.6	72.5	72.4	72.4
Trusts	1.4	1.4	1.5	1.5	1.5
Caisses & Cr. Unions	15.8	15.9	16.0	16.1	16.2
Life Ins. Co.	3.1	3.1	3.0	2.9	2.8
Pension Funds	2.0	2.0	2.0	2.0	2.0
Others **	5.2	5.1	5.1	5.1	5.0

* Excludes Special Purpose Vehicles and NHA MBS

** Includes non-depository credit intermediaries

e: estimate

Sources: CMHC, Bank of Canada, Statistics Canada

INDICATORS OF MORTGAGE LENDING ACTIVITY

MORTGAGE CREDIT OUTSTANDING ($MILLIONS)*

	2002	2003	2004	3Q04	4Q04	1Q05	2Q05	3Q05e
Banks	306,748	329,679	352,527	356,543	365,828	367,406	372,115	383,522
Trusts	5,505	5,987	6,775	6,910	7,106	7,413	7,807	8,085
Caisse & Cr. Unions	63,331	69,143	76,624	77,858	79,878	80,995	82,868	85,615
Life Ins. Co.	16,755	15,781	15,421	15,355	15,462	15,297	14,946	14,894
Pension Funds	9,037	9,133	9,616	9,749	9,998	10,141	10,310	10,603
Others **	23,756	24,351	25,365	25,450	25,640	25,772	26,053	26,678
Special Purpose Vehicles	15,002	14,581	13,724	13,998	13,565	13,640	14,095	14,327
NHA MBS ***	39,318	49,850	68,471	71,005	74,884	79,777	83,841	88,265
TOTAL	479,451	518,504	568,523	576,869	592,361	600,441	612,035	631,989
% change (year-over-year)	7.5	8.1	9.6	9.9	10.1	9.9	9.6	9.6

* Average for the period, unadjusted
e: estimate
** Includes non-depository credit intermediaries
*** CMHC

Sources: CMHC, Bank of Canada, Statistics Canada

MORTGAGE RATES (%)*

	2002	2003	2004	3Q04	4Q04	1Q05	2Q05	3Q05
1-year	5.17	4.84	4.59	4.60	4.90	4.88	4.83	4.97
3-year	6.28	5.82	5.65	5.80	5.75	5.68	5.52	5.40
5-year	7.02	6.39	6.23	6.38	6.25	6.12	5.90	5.80

* Average of period

Sources: CMHC, Bank of Canada, Statistics Canada

NHA AND CONVENTIONAL MORTGAGE LOANS APPROVED*

		2002	2003	2004	4Q03	1Q04	2Q04	3Q04	4Q04
By Type of Lender									
Banks	$ millions	97,527	114,364	132,201	26,790	29,132	41,581	34,440	27,048
	Units	825,115	878,923	950,069	200,369	212,967	302,485	241,374	193,243
Trusts	$ millions	3,840	4,083	5,634	1,127	1,400	1,720	1,415	1,099
	Units	36,346	37,580	44,242	9,723	11,621	13,287	10,986	8,348
Life Ins. & Others	$ millions	18,946	19,441	23,660	4,845	5,937	7,264	5,584	4,875
	Units	192,982	192,766	223,579	47,325	56,983	70,044	51,919	44,633
TOTAL	$ millions	120,313	137,888	161,495	32,762	36,469	50,565	41,439	33,022
	Units	1,054,443	1,109,269	1,217,890	257,417	281,571	385,816	304,279	246,224

Source: CMHC NHA loan approval system and Conventional Lending Survey

* Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.

Variable rate mortgages and the risk of rising short-term interest rates

The rising popularity of variable rate mortgages in recent years has lowered interest costs for many mortgage holders but could increase financial risk for borrowers. Overall, it is estimated that an additional quarter-point increase in the prime rate over each of the next four quarters could increase mortgage interest costs for borrowers with variable rate mortgages by about $110 million in 2006.

Variable mortgage rates

Home buyers in Canada have an array of mortgage products to choose from. An important choice facing borrowers is whether to "lock-in" a rate for the mortgage term or to proceed with a variable rate. In recent years, an increasing share of homeowners have chosen variable rate mortgages. However, there are many types of variable rate mortgages, so a borrower still has a number of choices to make after deciding to go variable.

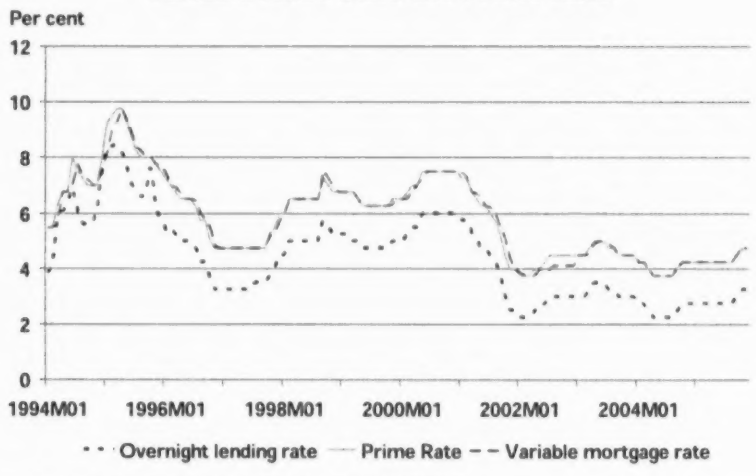
Common features of variable rate mortgages

Variable mortgage rates are closely linked to the chartered banks' prime rates which, in turn, vary with changes in the overnight lending rate set by the Bank of Canada.

A variable rate mortgage may be "open" or "closed" . If the mortgage is open, it can be paid off at anytime without an interest penalty whereas, for a closed variable rate mortgage prepayment above an agreed upon threshold will attract an interest penalty. Whether the variable rate mortgage is open or closed, the mortgage rate changes in line with the Prime Rate over the term of the mortgage. Open variable mortgage rates are usually higher than those for closed variable rate mortgages. Variable rate mortgage agreements, like fixed rate mortgages, have terms associated with them. These terms can vary from open to five years.

Some variable rate mortgages give the borrower a measure of protection against rising interest rates. These mortgages have an interest rate cap which is set when the papers are signed. If the variable mortgage rate rises to this cap, the mortgage becomes a fixed rate mortgage at this cap rate for the remainder of the term. Alternatively, the borrower can select a perfectly open and variable rate that moves in tandem with the prime rate. With these types

Variable rates trace the Prime Rate



Sources: Bank of Canada, Statistics Canada, CMHC

continued on page 7...

continued: Variable-rate mortgages and the risk of rising short-term interest rates

of mortgages, there is no built-in protection against rising interest rates.

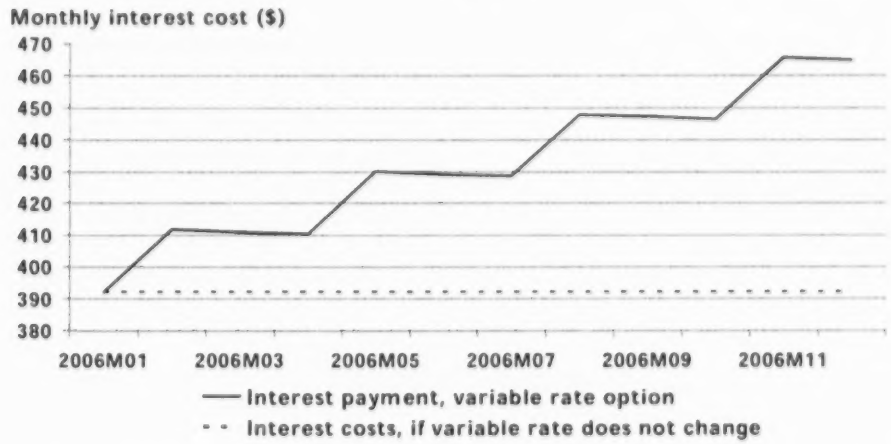
Some types of variable rate mortgages determine a fixed monthly or bi-weekly payment which is determined using the posted rate on a longer term mortgage, for example using the 5 year fixed rate. With this type of variable rate mortgage, the payment does not change, however, the proportion of the payment that is applied to interest and principal varies as the variable mortgage rate changes. Since the 5 year posted mortgage rate is typically higher than the variable rate at the start of the mortgage term, the borrower repays the principal at an accelerated rate, thus building an equity cushion for as long as the variable rate remains below the rate used to determine the mortgage payment. Other variable rate mortgages re-calculate the mortgage payment each time interest rates change so as to keep the planned repayment of the principal intact.

Many variable rate mortgages are convertible into fixed rate mortgages. Therefore, if interest rates do begin to rise, the borrower can choose to lock in at the current posted rate for a term that is equal to or longer than the remaining term on his/her variable rate mortgage.

Advantages and risks associated with variable rate mortgages

Variable rate mortgages can give the borrower the advantage of lower interest costs when mortgage rates stay flat or decline. However, the flip side of this is that variable rate mortgage holders are exposed to greater risk when mortgage rates rise. Therefore, the choice between "fixed" and "variable" mortgage rates largely depends on personal circumstances, and preferences of the borrower. Variable rate mortgages leave the borrower exposed to increases in mortgage rates. Thus if a mortgagor is financially capable and willing to absorb the risk of rising rates and mortgage carrying costs, he might opt for a variable rate mortgage product. On the other hand, if a borrower has limited financial resources to absorb potential interest rate shocks or simply wants the assurance of a fixed payment and peace of mind, he is more likely to chose a fixed rate mortgage product.

Monthly interest costs rise with mortgage rate



Source: CMHC

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continued: Variable-rate mortgages and the risk of rising short-term interest rates

For instance the mortgage interest costs on a $100,000 open mortgage with a variable rate of 4.75 per cent could increase by slightly over ten per cent if the mortgage rate were to increase by one-quarter percentage point in each quarter of 2006 (a total increase of 100 basis points). This implies that if the variable rate was to increase over the next twelve months from 4.75 per cent in December 2005 to 5.75 per cent in December 2006, the annual interest costs on a $100,000 mortgage would rise to $5,184 compared to $4,704 if mortgage rates remain unchanged at 4.75 per cent.

Impact of rising mortgage rates on the interest costs of variable rate mortgages

In what follows we estimate the impact of a one per cent increase in interest rates on the total interest costs associated with open variable rate mortgages.

A recent survey[1] suggests variable rate mortgages account for about one quarter of all mortgages. Knowing this, we calculate that the one percentage point rise in mortgage rates would lead to an increase of about $110 million in interest payments by variable rate mortgage holders. Given that total mortgage credit is currently over $600 billion, the risk from higher interest payments on variable rate mortgages is relatively small. ■

[1] Source: Financial Industry Research Monitor, Clayton Asscoiates/Ipsos-Reid, June 2005.

This Month's Housing Data (SAAR)

	2004	Q1:05	Q2:05	Q3:05	M9:05	M10:05	M11:05
Housing starts, units, 000s							
Canada. Total. All areas	**233.4**	**213.3**	**235.4**	**227.7**	**229.6**	**206.8**	**220.4**
Per cent change from previous period	6.9	-10.0	10.4	-3.3	11.8	-9.9	6.6
Canada. Total. Rural areas	**29.0**	**28.7**	**34.1**	**29.8**	**29.8**	**29.6**	**29.6**
Per cent change from previous period	9.5	-5.6	18.8	-12.6	0.0	-0.7	0.0
Canada. Total. Urban areas	**204.4**	**184.6**	**201.3**	**197.9**	**199.8**	**177.2**	**190.8**
Per cent change from previous period	6.5	-10.6	9.0	-1.7	13.8	-11.3	7.7
Canada. Single. Urban areas	**103.9**	**93.4**	**98.6**	**91.7**	**96.4**	**88.9**	**91.3**
Per cent change from previous period	3.6	-8.9	5.6	-7.0	9.9	-7.8	2.7
Canada. Multiple. Urban areas	**100.5**	**91.2**	**102.7**	**106.2**	**103.4**	**88.3**	**99.5**
Per cent change from previous period	9.7	-12.3	12.6	3.4	17.6	-14.6	12.7
Newfoundland. Total. All areas	**2.9**	**3.1**	**2.5**	**2.7**	**3.1**	**2.7**	**2.3**
Per cent change from previous period	6.6	6.9	-19.4	8.0	14.8	-12.9	-14.8
Prince Edward Island. Total. All areas	**0.9**	**1.5**	**1.0**	**0.8**	**0.9**	**0.8**	**0.9**
Per cent change from previous period	12.9	114.3	-33.3	-20.0	-10.0	-11.1	12.5
Nova Scotia. Total. All areas	**4.7**	**4.0**	**5.4**	**4.7**	**3.9**	**4.7**	**5.2**
Per cent change from previous period	-7.4	-14.9	35.0	-13.0	-27.8	20.5	10.6
New Brunswick. Total. All areas	**3.9**	**3.2**	**4.3**	**4.0**	**4.1**	**5.4**	**3.3**
Per cent change from previous period	-12.1	-20.0	34.4	-7.0	2.5	31.7	-38.9
Quebec. Total. All areas	**58.4**	**55.1**	**52.6**	**50.3**	**52.6**	**47.7**	**48.4**
Per cent change from previous period	16.2	-9.1	-4.5	-4.4	15.1	-9.3	1.5
Ontario. Total. All areas	**85.1**	**71.3**	**88.2**	**78.2**	**70.9**	**60.3**	**78.7**
Per cent change from previous period	-0.1	-15.5	23.7	-11.3	11.7	-15.0	30.5
Manitoba. Total. All areas	**4.4**	**4.3**	**4.4**	**5.5**	**4.5**	**5.2**	**5.1**
Per cent change from previous period	5.6	7.5	2.3	25.0	-23.7	15.6	-1.9
Saskatchewan. Total. All areas	**3.8**	**2.5**	**3.3**	**3.8**	**3.7**	**3.0**	**3.3**
Per cent change from previous period	14.1	-40.5	32.0	15.2	-7.5	-18.9	10.0
Alberta. Total. All areas	**36.3**	**36.7**	**41.6**	**40.4**	**46.6**	**37.8**	**38.8**
Per cent change from previous period	0.3	-7.3	13.4	-2.9	24.3	-18.9	2.6
British Columbia. Total. All areas	**32.9**	**31.6**	**32.1**	**37.3**	**39.3**	**39.2**	**34.4**
Per cent change from previous period	25.8	-0.6	1.6	16.2	10.1	-0.3	-12.2

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

Annual rate of housing starts, urban areas*

	2004	Q1:05	Q2:05	Q3:05	M9:05	M10:05	M11:05
Canada	204.4	184.6	201.3	197.9	199.8	177.2	190.8
Newfoundland	2.1	2.5	1.7	1.9	2.3	1.9	1.5
Prince Edward Island	0.6	1.1	0.5	0.5	0.6	0.4	0.5
Nova Scotia	3.3	2.5	3.9	3.4	2.6	3.2	3.7
New Brunswick	2.6	1.8	3.0	2.8	2.9	4.3	2.2
Québec	46.7	41.6	40.0	43.1	45.4	39.8	40.5
Ontario	79.9	69.4	81.3	72.8	65.5	54.5	72.9
Manitoba	2.9	2.7	2.7	3.4	2.4	3.3	3.2
Saskatchewan	3.1	2.0	2.8	2.6	2.5	2.2	2.5
Alberta	32.2	32.0	35.8	34.3	40.5	32.9	33.9
British Columbia	30.9	29.0	29.6	33.1	35.1	34.7	29.9

* Thousands of units, seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2004	Q1:05	Q2:05	Q3:05	M9:05	M10:05	M11:05
New Housing							
New & unoccupied singles & semis, units 000s	5.2	5.7	5.5	5.0	4.9	5.1	5.1
Per cent change from same period previous year	9.3	12.5	4.1	-0.7	-3.0	-5.4	-11.3
New & unoccupied row & apartments, units 000s	6.7	8.8	9.3	9.3	8.9	8.4	8.7
Per cent change from same period previous year	18.9	49.6	54.0	38.4	27.7	5.2	5.1
New House Price Index, 1997=100	123.2	126.5	128.4	130.1	130.8	131.7	n.a.
Per cent change from same period previous year	5.5	5.1	4.7	4.7	4.9	5.4	n.a.
Existing Housing							
MLS® resales*, units 000s	461.1	454.3	491.4	507.2	506.1	493.3	n.a.
Per cent change from same period previous year	6.0	-0.1	2.9	10.1	10.2	10.2	n.a.
MLS® average resale price*, $C 000s	226.2	239.2	246.3	251.5	254.3	258.5	n.a.
Per cent change from same period previous year	9.2	8.8	8.8	11.4	11.9	12.1	n.a.
Mortgage Market							
1-Year Mortgage Rate, % (period average)	4.80	5.05	4.75	5.00	5.00	5.25	5.60
5-Year Mortgage Rate, % (period average)	6.05	6.25	5.70	5.80	5.80	6.00	6.15

SOURCES: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available

* Seasonally adjusted and annualized (SAAR).

** Annual and quarterly data is actual. Monthly data is seasonally adjusted.

NHA MBS STATISTICS

NHA MORTGAGE-BACKED SECURITIES

(Average of period except when indicated)

		2003	2004	3Q04	4Q04	1Q05	2Q05	3Q05
OUTSTANDING AMOUNT (End of period)								
TOTAL	$million	73,903	78,612	73,903	78,612	82,788	86,375	93,648
	Units	1,479	1,602	1,479	1,602	1,753	1,891	2,048
Residential, single (with PIP *)	$million	1,633	1,669	1,633	1,669	1,665	1,580	1,500
	Units	150	151	150	151	151	151	146
Residential, single (no PIP)	$million	33	18	33	18	16	14	12
	Units	49	37	49	37	33	32	31
Residential, single (no PIP with indemnity)	$million	16,044	16,500	16,044	16,500	16,788	16,289	15,953
	Units	327	346	327	346	371	375	384
Residential, single (no PIP with indemnity, 5-year)	$million	41,365	45,106	41,365	45,106	48,486	50,454	53,830
	Units	508	613	508	613	736	830	911
Residential, multiple	$million	2,226	2,233	2,226	2,233	2,209	2,169	2,124
	Units	148	147	148	147	144	143	142
Social Housing	$million	4,491	4,373	4,491	4,373	4,173	4,129	4,057
	Units	88	85	88	85	82	81	81
Mixed	$million	2,530	2,578	2,530	2,578	2,580	2,644	2,689
	Units	167	172	167	172	176	181	190
Variable rate	$million	5,581	6,135	5,581	6,135	6,871	8,894	12,163
	Units	42	51	42	51	60	85	133
Adjustable rate	$million	0	0	0	0	0	202	252
	Units	0	0	0	0	0	13	17
Spread to weighted average coupon	$million	0	0	0	0	0	0	1,068
	Units	0	0	0	0	0	0	13
ISSUES (Total of period)								
TOTAL	$million	32,702	37,713	9,642	9,436	8,035	9,497	14,306
	Units	348	594	187	159	176	167	200
Residential, single (with PIP)	$million	532	910	296	104	56	30	48
	Units	33	49	19	6	4	2	2
Residential, single (no PIP)	$million	0	0	0	0	0	0	0
	Units	0	0	0	0	0	0	0
Residential, single (no PIP with indemnity)	$million	5,922	6,705	1,255	1,703	1,224	1,009	1,181
	Units	75	106	28	28	30	19	22
Residential, single (no PIP with indemnity, 5-year)	$million	23,471	23,722	5,532	6,558	5,621	5,448	7,613
	Units	178	346	105	105	125	99	97
Residential, multiple	$million	481	181	5	35	0	0	0
	Units	25	10	1	2	0	0	0
Social Housing	$million	194	244	132	44	52	141	88
	Units	7	8	4	1	3	3	3
Mixed	$million	545	529	105	110	52	94	116
	Units	23	31	9	8	5	6	11
Variable rate	$million	1,557	5,422	2,317	882	1,030	2,569	4,122
	Units	7	44	21	9	9	25	48
Adjustable rate	$million	0	0	0	0	0	207	60
	Units	0	0	0	0	0	13	4
Spread to weighted average coupon	$million	0	0	0	0	0	0	1,079
	Units	0	0	0	0	0	0	13
YIELDS (5-year maturity,%)								
MBS Prepayable		4.38	4.26	4.42	4.31	4.10	3.82	3.83
MBS Non-prepayable		4.26	4.09	4.25	4.12	3.91	3.63	3.65
Mortgage rates		6.39	6.23	6.38	6.25	6.12	5.90	5.80
GOCs		4.00	3.82	3.97	3.84	3.66	3.39	3.43
SPREADS OVER GOC (5-year maturity,%)								
Prepayable		0.38	0.44	0.45	0.47	0.44	0.43	0.40
Non-prepayable		0.26	0.28	0.29	0.27	0.25	0.24	0.22
Mortgage rates		2.39	2.42	2.42	2.41	2.46	2.51	2.37

* PIP stands for Penalty Interest Payments

Sources: CMHC, Bank of Canada, Statistics Canada

NHA MORTGAGE-BACKED SECURITIES

JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: July 2005						
NHA-Insured Market Residential Pools (Mixed)						
965-02638	Equitable Trust Company (The)	13,309,114.97	3.90	2015-07-01	4.82	24.91
965-02646	Equitable Trust Company (The)	10,138,2[illegible]3.12	3.10	2009-02-01	3.62	25.00
965-02653	Equitable Trust Company (The)	4,731,6[illegible]1.95	3.45	2010-07-01	4.25	22.17
965-02661	Peoples Trust Company	10,339,965.34	4.10	2015-07-01	4.80	22.30
965-02679	Peoples Trust Company	7,671,595.82	3.25	2010-07-01	4.20	22.79
964-14602	Alberta Motor Assoc.Insur.Comp	27,070,407.67	3.45	2007-07-01	4.75	23.43
NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)						
970-06506	Toronto-Dominion Bank	23,066,490.84	3.15	2007-03-01	4.51	21.44
970-06514	Bank of Nova Scotia	92,005,282.56	3.60	2010-06-01	5.03	22.26
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-08477	Toronto-Dominion Bank	86,940,111.62	3.00	2006-06-01	4.08	21.36
975-08485	Toronto-Dominion Bank	9,986,996.51	3.15	2007-03-01	4.73	10.23
975-08493	Toronto-Dominion Bank	7,101,302.67	3.15	2007-03-01	5.40	19.62
975-08501	Toronto-Dominion Bank	42,600,902.25	3.10	2006-12-01	4.82	20.54
975-08519	Toronto-Dominion Bank	11,183,900.93	3.10	2006-12-01	4.42	10.11
975-08527	Toronto-Dominion Bank	42,684,726.56	3.25	2007-09-01	5.07	21.24
975-08535	Toronto-Dominion Bank	53,134,805.54	3.35	2008-03-01	5.39	20.43
975-08543	Toronto-Dominion Bank	140,683,370.11	3.40	2008-12-01	4.83	20.27
975-08550	Toronto-Dominion Bank	71,207,918.91	3.45	2009-03-01	4.95	21.66
975-08568	Toronto-Dominion Bank	30,187,831.36	3.60	2010-03-01	6.04	22.29
975-08576	Toronto-Dominion Bank	65,887,512.13	3.65	2010-06-01	5.75	22.60
975-08584	Toronto-Dominion Bank	129,486,001.28	3.35	2008-09-01	5.09	21.09
975-08592	Toronto-Dominion Bank	123,823,742.60	3.50	2009-09-01	4.60	21.19
975-08600	Cdn.Imperial Bank of Commerce	19,061,114.06	2.89	2006-07-01	4.50	22.86
975-08618	Cdn.Imperial Bank of Commerce	11,303,615.40	3.09	2007-07-01	4.79	22.16
975-08626	Cdn.Imperial Bank of Commerce	35,314,943.21	3.23	2008-07-01	5.01	22.08
975-08634	Cdn.Imperial Bank of Commerce	7,720,606.00	3.22	2008-07-01	4.89	22.55
975-08642	Cdn.Imperial Bank of Commerce	21,898,012.15	3.37	2009-07-01	5.35	21.28
975-08659	Cdn.Imperial Bank of Commerce	9,128,921.51	3.34	2009-07-01	5.60	10.73
975-08667	Cdn.Imperial Bank of Commerce	8,939,674.78	3.49	2009-07-01	4.74	21.74
975-08675	Home Trust Company	38,104,063.58	3.50	2010-07-01	6.07	24.25
975-08683	Home Trust Company	51,080,117.18	3.25	2008-07-01	6.25	24.00
975-08691	Cdn.Imperial Bank of Commerce	7,881,882.22	3.38	2008-09-01	4.87	19.63
975-08709	Cdn.Imperial Bank of Commerce	17,121,702.89	3.37	2008-07-01	4.59	21.77
975-08717	Cdn.Imperial Bank of Commerce	3,231,432.46	3.39	2008-09-01	4.79	20.07
975-08725	Maple Trust Company	35,718,424.86	3.35	2008-07-01	4.34	22.97
NHA-Insured Variable Rate Pools (VRMBS)						
985-00879	Royal Bank of Canada	52,683,913.15	2.56	2006-06-01	3.68	21.65
985-00887	Cdn.Imperial Bank of Commerce	2,377,352.94	2.74	2010-01-01	3.65	19.36

*PIP stands for Penalty Interest Payments
Source: CMHC

Definition of NHA MBS pool types

964 - Comprised exclusively of homeowner mortgages, any Penalty Interest Payments (PIP) from early prepayment are passed through to the investor

967 - Comprised exclusively of homeowner mortgages, all Penalty Interest Payments (PIP) from early prepayment are retained by the issuer

970 - Comprised exclusively of homeowner mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core provisions

975 - Comprised exclusively of homeowner mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions (5-year term)

966 - Comprised exclusively multi-family rental mortgages, pools mortgages are closed to prepayment options

990 - Comprised exclusively social housing mortgages, pools and mortgages are closed to prepayment options

965 - Mixed Pools, these pools can be comprised of any of the above types of mortgages

985 - Comprised exclusively of equal monthly payment variable rate homeowner mortgages

NHA MORTGAGE-BACKED SECURITIES
JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: August 2005						
NHA-Insured Market Residential Pools (Mixed)						
965-02687	Equitable Trust Company (The)	4,861,885.87	3.10	2007-08-01	4.05	17.92
965-02695	Equitable Trust Company (The)	14,766,252.65	4.00	2015-08-01	4.56	23.92
965-02703	Equitable Trust Company (The)	13,359,420.60	3.40	2010-08-01	4.04	26.24
NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)						
970-06522	Bank of Nova Scotia	129,155,495.45	3.75	2010-07-01	5.04	22.12
970-06530	Bank of Nova Scotia	156,610,077.45	3.75	2010-07-01	4.96	21.93
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-08733	Cdn.Imperial Bank of Commerce	19,426,387.84	3.00	2006-08-01	4.48	22.61
975-08741	Cdn.Imperial Bank of Commerce	9,325,023.20	3.25	2007-08-01	5.34	21.64
975-08758	Cdn.Imperial Bank of Commerce	8,059,755.22	3.25	2007-08-01	4.83	21.84
975-08766	Cdn.Imperial Bank of Commerce	46,128,560.28	3.38	2008-08-01	5.00	22.15
975-08774	Cdn.Imperial Bank of Commerce	21,016,789.33	3.50	2009-08-01	5.60	21.55
975-08782	Cdn.Imperial Bank of Commerce	9,443,019.65	3.50	2009-08-01	5.50	22.87
975-08790	Cdn.Imperial Bank of Commerce	7,442,513.67	3.51	2009-08-01	5.65	21.19
975-08808	Cdn.Imperial Bank of Commerce	7,471,773.14	3.51	2009-08-01	5.38	20.59
975-08816	Cdn.Imperial Bank of Commerce	5,754,534.36	3.49	2009-08-01	5.81	11.14
975-08824	Toronto-Dominion Bank	10,637,455.34	3.20	2006-11-01	4.23	8.66
975-08832	Toronto-Dominion Bank	24,821,080.66	3.00	2006-11-01	4.19	21.59
975-08840	Toronto-Dominion Bank	21,098,131.16	3.35	2007-02-01	4.56	20.86
975-08857	Toronto-Dominion Bank	12,232,325.75	3.05	2007-03-01	4.49	9.31
975-08865	Toronto-Dominion Bank	38,404,577.42	3.00	2007-09-01	4.20	21.70
975-08873	Toronto-Dominion Bank	18,863,227.34	3.25	2007-09-01	4.42	10.19
975-08881	Toronto-Dominion Bank	13,819,180.18	3.35	2008-03-01	4.97	11.52
975-08899	Toronto-Dominion Bank	48,359,093.67	3.45	2008-03-01	5.01	21.78
975-08907	Toronto-Dominion Bank	38,448,282.66	3.50	2008-09-01	4.66	22.84
975-08915	Toronto-Dominion Bank	24,246,647.29	3.70	2010-01-01	5.88	22.15
975-08923	Toronto-Dominion Bank	96,683,551.51	3.55	2009-02-01	4.88	20.50
975-08931	Toronto-Dominion Bank	91,857,526.01	3.65	2010-03-01	4.96	10.84
975-08949	Toronto-Dominion Bank	326,060,562.84	3.15	2010-07-01	4.79	22.12
975-08956	Toronto-Dominion Bank	175,888,272.44	3.50	2008-09-01	4.75	22.27
975-08964	Toronto-Dominion Bank	126,132,723.68	3.50	2008-09-01	4.64	22.39
975-08972	Toronto-Dominion Bank	129,534,320.90	3.50	2009-07-01	4.69	22.56
975-08980	Toronto-Dominion Bank	106,739,428.91	3.60	2009-07-01	4.74	21.09
975-08998	Toronto-Dominion Bank	173,193,374.14	3.75	2010-06-01	5.03	22.79
975-09004	Cdn.Imperial Bank of Commerce	15,007,276.88	3.00	2008-08-01	4.46	21.42
975-09012	Cdn.Imperial Bank of Commerce	59,043,114.32	3.00	2009-09-01	4.53	21.21
975-09020	Cdn.Imperial Bank of Commerce	13,088,686.18	3.51	2009-08-01	4.54	11.01
NHA-Insured Variable Rate Pools (VRMBS)						
985-00895	Cdn.Imperial Bank of Commerce	5,825,248.56	2.74	2010-02-01	3.80	20.78
985-00903	Cdn.Imperial Bank of Commerce	9,078,032.31	2.76	2007-07-01	4.00	19.39
985-00911	Cdn.Imperial Bank of Commerce	6,295,984.55	2.76	2008-03-01	4.00	11.24
985-00929	Cdn.Imperial Bank of Commerce	10,377,224.35	2.75	2007-04-01	4.00	18.37
985-00937	Cdn.Imperial Bank of Commerce	13,817,499.72	2.76	2007-04-01	4.00	11.12

*PIP stands for Penalty Interest Payments
Source: CMHC

NHA MORTGAGE-BACKED SECURITIES
JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: August 2005						
NHA-Insured Variable Rate Pools (VRMBS)						
985-00945	Cdn.Imperial Bank of Commerce	15,051,513.14	2.75	2007-01-01	4.00	11.68
985-00952	Cdn.Imperial Bank of Commerce	9,988,225.64	2.76	2006-10-01	4.00	11.40
985-00960	Cdn.Imperial Bank of Commerce	8,574,026.08	2.76	2008-04-01	4.00	10.46
985-00978	Cdn.Imperial Bank of Commerce	11,292,743.15	2.75	2008-09-01	4.00	10.61
985-00986	Cdn.Imperial Bank of Commerce	12,025,171.16	2.76	2007-11-01	4.00	12.39
985-00994	Cdn.Imperial Bank of Commerce	15,024,876.39	2.76	2007-07-01	4.00	11.89
985-01000	Cdn.Imperial Bank of Commerce	10,151,369.82	2.76	2007-11-01	4.00	18.94
985-01018	Toronto-Dominion Bank	110,792,093.87	2.58	2010-01-01	3.54	24.10
985-01026	Toronto-Dominion Bank	96,181,681.79	2.58	2010-01-01	3.54	11.00
985-01034	Toronto-Dominion Bank	80,629,998.61	2.58	2010-01-01	3.54	24.41
985-01067	Bank of Montreal	92,834,870.70	2.66	2008-01-01	3.88	18.48
985-01075	Bank of Montreal	145,397,452.44	2.66	2008-01-01	3.88	9.78
985-01158	Bank of Montreal	50,175,901.28	2.66	2008-05-01	3.88	9.33
985-01166	Bank of Montreal	40,242,247.98	2.66	2008-05-01	3.88	19.78
Month of Issue: September 2005						
NHA-Insured Market Residential Pools (Single Units)						
964-14933	Vancouver City Savings CU	35,190,720.93	3.80	2010-07-01	4.70	22.55
964-14941	Vancouver City Savings CU	12,714,724.77	3.80	2010-07-01	4.66	23.10
NHA-Insured Market Residential Pools (Mixed)						
965-02711	Equitable Trust Company (The)	6,776,534.02	3.50	2010-09-01	4.21	22.43
965-02729	Equitable Trust Company (The)	16,562,474.85	3.75	2015-09-01	4.54	21.26
965-02737	Peoples Trust Company	13,040,481.47	3.25	2010-09-01	4.14	21.65
NHA-Insured Market Residential Pools (NO PIP WITH 3 YEAR INDEMNITY)						
970-06548	National Bank of Canada	13,086,223.30	3.35	2010-03-01	4.97	21.31
970-06555	National Bank of Canada	6,023,642.49	3.30	2010-03-01	5.03	10.38
970-06563	National Bank of Canada	183,155,057.83	3.25	2010-07-01	4.92	21.69
970-06571	National Bank of Canada	42,339,897.75	3.35	2010-07-01	5.90	21.89
970-06589	National Bank of Canada	37,463,442.02	3.15	2010-07-01	4.96	11.14
970-06597	National Bank of Canada	6,271,085.75	3.35	2010-07-01	5.84	11.55
970-06605	National Bank of Canada	59,798,058.22	3.35	2009-12-01	5.01	21.40
970-06613	National Bank of Canada	27,758,023.73	3.30	2009-12-01	5.01	11.09
970-06621	National Bank of Canada	31,303,699.24	3.35	2010-01-01	4.79	21.55
970-06639	National Bank of Canada	11,322,718.95	3.30	2010-01-01	4.84	11.17
970-06647	La Capitale Civil Service Ins	44,186,429.63	3.60	2010-09-01	4.89	23.39
970-06654	HSBC Bank Canada	17,679,361.70	4.00	2010-09-01	4.67	22.24
970-06662	HSBC Bank Canada	5,152,578.50	3.75	2008-09-01	4.48	21.64
970-06670	Toronto-Dominion Bank	26,710,425.38	3.05	2006-12-01	4.28	21.58
970-06688	Bank of Nova Scotia	75,956,882.16	3.75	2010-08-01	4.48	22.24
970-06696	Bank of Nova Scotia	50,599,235.53	3.75	2010-08-01	5.52	22.10
970-06704	Bank of Nova Scotia	99,506,959.00	3.75	2010-08-01	4.49	22.35
970-06712	Bank of Nova Scotia	41,710,697.53	3.75	2010-08-01	5.41	21.83
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-09038	National Bank of Canada	53,908,716.29	3.35	2010-07-01	4.87	21.76
975-09046	National Bank of Canada	4,700,832.89	3.30	2010-07-01	4.83	12.47
975-09053	Maple Bank GmbH	47,853,287.65	3.55	2010-09-01	4.72	21.39
975-09061	Maple Bank GmbH	181,740,649.70	3.55	2010-09-01	4.66	22.42
975-09079	Laurentian Bank of Canada	104,569,826.49	3.65	2010-09-01	5.39	23.02
975-09087	Royal Bank of Canada	298,804,626.75	3.45	2009-03-01	4.84	21.94
975-09095	Cdn.Imperial Bank of Commerce	368,929,116.52	3.66	2010-09-01	4.88	22.98
975-09103	Cdn.Imperial Bank of Commerce	24,157,883.87	3.63	2010-09-01	4.90	11.84

*PIP stands for Penalty Interest Payments
Source: CMHC

NHA MORTGAGE-BACKED SECURITIES
JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: September 2005						
NHA-Insured Market Residential Pools (NO PIP WITH 5 YEAR INDEMNITY)						
975-09111	Cdn.Imperial Bank of Commerce	37,365,419.81	3.65	2010-09-01	4.83	22.79
975-09129	Royal Bank of Canada	341,015,226.97	3.54	2009-08-01	4.53	22.59
975-09137	Royal Bank of Canada	839,043,623.69	3.54	2009-08-01	4.55	22.63
975-09145	HSBC Bank Canada	61,589,462.75	3.60	2010-09-01	4.66	22.26
975-09152	HSBC Bank Canada	16,017,990.53	3.60	2010-08-01	4.67	22.90
975-09178	Toronto-Dominion Bank	257,697,199.29	3.55	2010-06-01	4.85	22.71
975-09186	Toronto-Dominion Bank	79,822,529.91	3.25	2008-05-01	4.66	21.97
975-09194	Toronto-Dominion Bank	57,003,061.01	3.25	2008-09-01	4.44	22.59
975-09202	Toronto-Dominion Bank	60,321,065.05	3.30	2008-11-01	4.91	20.63
975-09210	Toronto-Dominion Bank	57,700,369.23	3.35	2009-04-01	4.88	10.60
975-09228	Toronto-Dominion Bank	52,273,305.58	3.45	2009-09-01	4.58	23.14
975-09236	Toronto-Dominion Bank	48,312,077.82	3.40	2009-09-01	4.80	10.79
975-09244	Toronto-Dominion Bank	609,067,114.91	3.55	2010-08-01	4.81	22.94
975-09251	Toronto-Dominion Bank	176,382,948.90	3.50	2010-08-01	4.88	11.27
975-09269	Toronto-Dominion Bank	20,194,489.41	3.05	2006-12-01	5.09	20.96
975-09277	Toronto-Dominion Bank	16,207,448.18	3.15	2007-03-01	4.77	21.50
975-09285	Toronto-Dominion Bank	49,548,100.86	3.15	2007-06-01	4.45	21.16
975-09293	Toronto-Dominion Bank	40,396,383.07	3.20	2007-08-01	4.34	21.84
975-09301	Toronto-Dominion Bank	37,684,170.52	3.20	2007-10-01	4.68	21.73
975-09319	Bank of Montreal	46,174,855.39	3.50	2010-07-01	4.99	11.44
975-09327	Bank of Montreal	182,415,701.85	3.50	2010-07-01	4.72	22.72
975-09335	Bank of Montreal	136,594,174.13	3.50	2010-07-01	4.77	23.06
975-09343	Bank of Montreal	22,645,810.54	3.50	2010-08-01	5.20	21.84
975-09350	Cdn.Imperial Bank of Commerce	8,845,110.31	3.50	2010-09-01	4.15	22.53
975-09368	Cdn.Imperial Bank of Commerce	318,024,870.56	3.66	2010-09-01	4.63	22.50
975-09376	Cdn.Imperial Bank of Commerce	17,961,381.31	3.63	2010-09-01	4.69	11.80
975-09384	Cdn.Imperial Bank of Commerce	45,498,317.79	3.63	2010-09-01	4.64	22.43
975-09392	TD Securities Inc.	3,256,504.66	3.75	2008-05-01	4.55	23.80
975-09400	TD Securities Inc.	13,342,378.00	3.70	2010-09-01	4.50	23.21
975-09418	TD Securities Inc.	6,646,790.65	3.75	2010-09-01	4.48	23.58
975-09426	Home Trust Company	22,697,173.79	3.50	2010-08-01	5.88	24.34
975-09434	Merrill Lynch Canada Inc.	41,628,211.95	3.69	2010-09-01	4.53	24.37
975-09442	Merrill Lynch Canada Inc.	24,857,714.38	3.69	2010-09-01	4.53	23.97
Adjustable Rate						
980-00102	TD Securities Inc.	3,445,322.68	2.77	2009-09-01	3.52	21.68
980-00177	RBC Dominion Securities	17,167,297.43	2.76	2010-09-01	4.00	24.46
980-00185	RBC Dominion Securities	19,835,571.26	2.76	2009-12-01	3.84	23.81
980-00193	RBC Dominion Securities	19,147,601.76	2.76	2010-09-01	3.78	24.50
NHA-Insured Variable Rate Pools (VRMBS)						
985-01083	Cdn.Imperial Bank of Commerce	448,235,890.45	2.89	2010-09-01	3.79	21.35
985-01091	Cdn.Imperial Bank of Commerce	86,563,652.23	2.89	2010-09-01	3.96	11.02
985-01109	Cdn.Imperial Bank of Commerce	53,020,240.07	2.89	2010-09-01	3.75	21.13
985-01117	Cdn.Imperial Bank of Commerce	10,624,174.21	2.89	2010-08-01	3.85	11.59
985-01125	Cdn.Imperial Bank of Commerce	22,228,186.65	2.89	2010-03-01	3.77	20.36
985-01133	Cdn.Imperial Bank of Commerce	14,626,067.48	2.89	2008-07-01	4.00	17.61
985-01141	Cdn.Imperial Bank of Commerce	7,511,877.12	2.89	2008-07-01	4.00	11.90
985-01174	Royal Bank of Canada	31,852,973.65	2.71	2006-06-01	3.80	21.01
985-01182	Royal Bank of Canada	72,965,340.05	2.71	2006-12-01	3.67	21.46
985-01190	Cdn.Imperial Bank of Commerce	752,759,793.04	2.74	2010-09-01	3.31	20.54
985-01208	Cdn.Imperial Bank of Commerce	130,932,066.76	2.74	2010-09-01	3.29	11.57
985-01216	Cdn.Imperial Bank of Commerce	60,046,837.10	2.74	2010-09-01	3.31	20.52
985-01224	Cdn.Imperial Bank of Commerce	10,247,555.50	2.74	2010-09-01	3.31	11.77
985-01232	Toronto-Dominion Bank	99,410,633.49	2.71	2009-08-01	3.56	23.45

*PIP stands for Penalty Interest Payments
Source: CMHC

NHA MORTGAGE-BACKED SECURITIES

JULY TO SEPTEMBER 2005 ISSUES

POOL NO.	ISSUER	VALUE ($)	COUPON RATE (%)	DUE DATE	WEIGHTED AVERAGE INTEREST(%)	MORTIZATION (YRS)
Month of Issue: September 2005						
NHA-Insured Variable Rate Pools (VRMBS)						
985-01240	Toronto-Dominion Bank	215,157,000.82	2.71	2010-02-01	3.53	24.01
985-01257	Toronto-Dominion Bank	588,269,387.10	2.71	2010-08-01	3.54	23.37
985-01273	Toronto-Dominion Bank	99,610,047.97	2.71	2010-08-01	3.56	11.34
985-01281	Bank of Montreal	28,650,610.04	2.79	2010-09-01	3.88	11.67
985-01299	Bank of Montreal	47,315,195.00	2.79	2010-03-01	3.88	20.21
985-01307	Bank of Montreal	243,504,237.92	2.79	2010-09-01	3.88	21.21
985-01315	Bank of Montreal	58,765,906.63	2.79	2010-06-01	3.88	11.22
985-01323	Bank of Montreal	72,892,934.16	2.79	2010-09-01	3.88	21.99
985-01331	Bank of Montreal	96,703,402.29	2.79	2010-06-01	3.88	20.91
985-01349	TD Securities Inc.	4,448,877.06	2.77	2010-04-01	3.48	19.65
985-01356	TD Securities Inc.	2,702,351.10	2.77	2010-03-01	3.48	18.65
985-01364	Merrill Lynch Canada Inc.	36,856,156.02	2.86	2010-06-01	3.50	20.12
985-01372	Merrill Lynch Canada Inc.	27,497,098.27	2.86	2010-06-01	3.50	20.12
Weighted Average Coupon						
987-00016	Caisse Centrale Desj.du Québec	16,889,715.00	2.19	2010-07-01	3.19	23.59
987-00024	RBC Dominion Securities	493,438,689.69	2.65	2010-09-01	3.45	22.88
987-00032	RBC Dominion Securities	60,326,910.70	2.65	2010-09-01	3.54	22.39
987-00040	RBC Dominion Securities	153,051,950.39	2.63	2010-09-01	3.44	24.37
987-00057	RBC Dominion Securities	12,062,577.73	2.65	2010-09-01	3.43	24.45
987-00065	TD Securities Inc.	41,395,065.09	2.58	2010-09-01	3.41	23.42
987-00073	TD Securities Inc.	31,065,422.16	2.58	2010-09-01	3.41	23.47
987-00081	RBC Dominion Securities	2,355,644.97	2.65	2010-04-01	3.43	23.91
987-00099	RBC Dominion Securities	18,593,939.01	2.65	2010-07-01	3.45	24.53
987-00107	Merrill Lynch Canada Inc.	67,858,428.26	2.70	2010-09-01	3.45	21.36
987-00115	Merrill Lynch Canada Inc.	46,540,198.10	2.70	2010-09-01	3.45	21.17
987-00123	Merrill Lynch Canada Inc.	53,602,899.71	2.70	2010-09-01	3.45	24.20
987-00131	Merrill Lynch Canada Inc.	81,568,670.02	2.70	2010-09-01	3.45	24.33
Social Housing Pools						
990-08880	Toronto-Dominion Bank	5,239,565.72	3.25	2010-09-01	3.84	21.24
990-08898	Bank of Nova Scotia	5,942,233.07	2.80	2007-09-01	3.40	25.00
990-08906	Bank of Nova Scotia	76,953,523.87	3.80	2015-09-01	4.32	23.53

*PIP stands for Penalty Interest Payments
Source: CMHC

Definition of NHA MBS pool types

964 - Comprised exclusively of Homeowner Mortgages, any Penalty Interest Payments (PIP) from early prepayment are passed through to the investor

965 - Mixed Pools, these pools can be comprised of any of the above types of mortgages

966 - Comprised exclusively multi-family rental mortgages, pools mortgages are closed to prepayment options

967 - Comprised exclusively of Homeowner Mortgages, all Penalty Interest Payments (PIP) from early prepayment are retained by the issuer

970 - Comprised exclusively of Homeowner Mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions

975 - Comprised exclusively of Homeowner Mortgages, Investors are paid an indemnity in the event of any prepayments made outside the core prepayments provisions (5-year term)

980 - Comprised of adjustable rate mortgages with a one month interest rate reset

985 - Comprised of standard variable rate mortgages